CubeSmart
Form ARS
April 10, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

OR

o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-32324 (CubeSmart)

Commission file number 000-54662 (CubeSmart, L.P.)

CUBESMART

CUBESMART, L.P.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (CubeSmart)	**20-1024732 (CubeSmart)**

Delaware (CubeSmart, L.P.) (State or Other Jurisdiction of Incorporation or Organization)	**34-1837021 (CubeSmart, L.P.)** (IRS Employer Identification No.)
5 Old Lancaster Road **Malvern, Pennsylvania** (Address of Principal Executive Offices)	**19355** (Zip Code)

Registrant s telephone number, including area code **(610) 535-5000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Shares, $0.01 par value per share, of CubeSmart	New York Stock Exchange
7.75% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $.01 per share, of CubeSmart	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **Units of General Partnership Interest of CubeSmart, L.P.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

CubeSmart	Yes x No o
CubeSmart, L.P.	Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

CubeSmart	Yes £ No x
CubeSmart, L.P.	Yes £ No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

CubeSmart	Yes x No £
CubeSmart, L.P.	Yes x No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

CubeSmart	Yes x No £
CubeSmart, L.P.	Yes x No £

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

CubeSmart	Yes x No £
CubeSmart, L.P.	Yes x No £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act:

CubeSmart:

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o

CubeSmart, L.P.:

Large accelerated filer o	Accelerated filer o	Non-accelerated filer x	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

CubeSmart	Yes o No x
CubeSmart, L.P.	Yes o No x

As of June 28, 2013, the last business day of CubeSmart s most recently completed second fiscal quarter; the aggregate market value of common shares held by non-affiliates of CubeSmart was $2,148,192,535. As of February 25, 2014, the number of common shares of CubeSmart outstanding was 140,289,967.

As of June 28, 2013, the last business day of CubeSmart, L.P. s most recently completed second fiscal quarter, the aggregate market value of the 2,280,730 units of limited partnership (the Units) held by non-affiliates of CubeSmart, L.P. was $36,446,065 based upon the last reported sale price of $15.98 per share on the New York Stock Exchange on June 28, 2013 of the common shares of CubeSmart, the sole general partner of CubeSmart, L.P. (For this computation, the market value of all Units beneficially owned by CubeSmart has been excluded.)

Documents incorporated by reference: Portions of the Proxy Statement for the 2014 Annual Meeting of Shareholders of CubeSmart to be filed subsequently with the SEC are incorporated by reference into Part III of this report.

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EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2013 of CubeSmart (the Parent Company or CubeSmart) and CubeSmart, L.P. (the Operating Partnership). The Parent Company is a Maryland real estate investment trust, or REIT, that owns its assets and conducts its operations through the Operating Partnership, a Delaware limited partnership, and subsidiaries of the Operating Partnership. The Parent Company, the Operating Partnership and their consolidated subsidiaries are collectively referred to in this report as the Company. In addition, terms such as we, us, or our used in this report may refer to the Company, the Parent Company, and/or the Operating Partnership.

The Parent Company is the sole general partner of the Operating Partnership and, as of December 31, 2013, owned a 98.4% interest in the Operating Partnership. The remaining 1.6% interest consists of common units of limited partnership interest issued by the Operating Partnership to third parties in exchange for contributions of facilities to the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has full and complete authority over the Operating Partnership s day-to-day operations and management.

Management operates the Parent Company and the Operating Partnership as one enterprise. The management teams of the Parent Company and the Operating Partnership are identical, and their constituents are officers of both the Parent Company and of the Operating Partnership.

There are few differences between the Parent Company and the Operating Partnership, which are reflected in the note disclosures in this report. The Company believes it is important to understand the differences between the Parent Company and the Operating Partnership in the context of how these entities operate as a consolidated enterprise. The Parent Company is a REIT, whose only material asset is its ownership of the partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing the debt obligations of the Operating Partnership. The Operating Partnership holds substantially all the assets of the Company and, directly or indirectly, holds the ownership interests in the Company s real estate ventures. The Operating Partnership conducts the operations of the Company s business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the Company s business through the Operating Partnership s operations, by the Operating Partnership s direct or indirect incurrence of indebtedness or through the issuance of partnership units of the Operating Partnership or equity interests in subsidiaries of the Operating Partnership.

The substantive difference between the Parent Company s and the Operating Partnership s filings is the fact that the Parent Company is a REIT with public equity, while the Operating Partnership is a partnership with no publicly traded equity. In the financial statements, this difference is primarily reflected in the equity (or capital for Operating Partnership) section of the consolidated balance sheets and in the consolidated statements of equity (or capital). Apart from the different equity treatment, the consolidated financial statements of the Parent Company and the Operating Partnership are nearly identical.

The Company believes that combining the annual reports on Form 10-K of the Parent Company and the Operating Partnership into a single report will:

- facilitate a better understanding by the investors of the Parent Company and the Operating Partnership by enabling them to view the business as a whole in the same manner as management views and operates the business;

- remove duplicative disclosures and provide a more straightforward presentation in light of the fact that a substantial portion of the disclosure applies to both the Parent Company and the Operating Partnership; and

- create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

In order to highlight the differences between the Parent Company and the Operating Partnership, the separate sections in this report for the Parent Company and the Operating Partnership specifically refer to the Parent Company and the Operating Partnership. In the sections that combine disclosures of the Parent Company and the Operating Partnership, this report refers to such disclosures as those of the Company. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and real estate ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Parent Company operates the business through the Operating Partnership.

As general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements. The separate discussions of the Parent Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company s operations on a consolidated basis and how management operates the Company.

This report also includes separate Item 9A - Controls and Procedures sections, signature pages and Exhibit 31 and 32 certifications for each of the Parent Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of the Parent Company and the Chief Executive Officer and the Chief Financial Officer of the Operating Partnership have made the requisite certifications and that the Parent Company and the Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended and 18 U.S.C. §1350.

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PART I

Forward-Looking Statements

This Annual Report on Form 10-K, or this Report , together with other statements and information publicly disseminated by the Parent Company and the Operating Partnership, contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements include statements concerning the Company s plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as believes, expects, estimates, may, will, should, anticipates, or ir negative of such terms or other comparable terminology, or by discussions of strategy. Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Although we believe the expectations reflected in these forward-looking statements are based on reasonable assumptions, future events and actual results, performance, transactions or achievements, financial and otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. As a result, you should not rely on or construe any forward-looking statements in this Report, or which management may make orally or in writing from time to time, as predictions of future events or as guarantees of future performance. We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this Report or as of the dates otherwise indicated in the statements. All of our forward-looking statements, including those in this Report, are qualified in their entirety by this statement.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this Report. Any forward-looking statements should be considered in light of the risks and uncertainties referred to in Item 1A. Risk Factors in this Report and in our other filings with the Securities and Exchange Commission (SEC). These risks include, but are not limited to, the following:

- national and local economic, business, real estate and other market conditions;
- the competitive environment in which we operate, including our ability to maintain or raise occupancy and rental rates;
- the execution of our business plan;
- the availability of external sources of capital;
- financing risks, including the risk of over-leverage and the corresponding risk of default on our mortgage and other debt and potential inability to refinance existing indebtedness;

- increases in interest rates and operating costs;
- counterparty non-performance related to the use of derivative financial instruments;
- our ability to maintain our Parent Company s qualification as a real estate investment trust (REIT) for federal income tax purposes;
- acquisition and development risks;
- increases in taxes, fees, and assessments from state and local jurisdictions;
- changes in real estate and zoning laws or regulations;
- risks related to natural disasters;
- potential environmental and other liabilities;
- other factors affecting the real estate industry generally or the self-storage industry in particular; and
- other risks identified in this Report and, from time to time, in other reports that we file with the SEC or in other documents that we publicly disseminate.

Given these uncertainties and the other risks identified elsewhere in this Report, we caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise except as may be required by securities laws.

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ITEM 1. *BUSINESS*

Overview

We are a self-administered and self-managed real estate company focused primarily on the ownership, operation, management, acquisition and development of self-storage facilities in the United States.

As of December 31, 2013, we owned 366 self-storage facilities located in 20 states and in the District of Columbia containing an aggregate of approximately 24.7 million rentable square feet. As of December 31, 2013, approximately 88.3% of the rentable square footage at our owned facilities was leased to approximately 192,000 customers, and no single customer represented a significant concentration of our revenues. As of December 31, 2013 we owned facilities in the District of Columbia and the following 20 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Utah and Virginia. In addition, as of December 31, 2013, we managed 160 facilities for third parties, bringing the total number of facilities we owned and/or managed to 526. As of December 31, 2013, we managed facilities in the following 23 states: Alabama, California, Colorado, Connecticut, Florida, Georgia, Illinois, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, and Virginia.

Our self-storage facilities are designed to offer affordable and easily-accessible storage space for our residential and commercial customers. Our customers rent storage cubes for their exclusive use, typically on a month-to-month basis. Additionally, some of our facilities offer outside storage areas for vehicles and boats. Our facilities are designed to accommodate both residential and commercial customers, with features such as wide aisles and load-bearing capabilities for large truck access. All of our facilities have an on-site manager during business hours, and 236, or approximately 64%, of our owned facilities have a manager who resides in an apartment at the facility. Our customers can access their storage cubes during business hours, and some of our facilities provide customers with 24-hour access through computer controlled access systems. Our goal is to provide customers with the highest standard of facilities and service in the industry. To that end, approximately 78% of our owned facilities include climate controlled cubes.

The Parent Company was formed in July 2004 as a Maryland REIT. The Parent Company owns its assets and conducts its business through its operating partnership, CubeSmart, L.P. (our Operating Partnership), and its subsidiaries. The Parent Company controls the Operating Partnership as its sole general partner and, as of December 31, 2013, owned an approximately 98.4% interest in the Operating Partnership. The Operating Partnership has been engaged in virtually all aspects of the self-storage business, including the development, acquisition, management, ownership and operation of self-storage facilities.

In addition, as of December 31, 2013, we owned an economic interest in one unconsolidated real estate venture that owned 35 self-storage facilities located in Texas (34) and North Carolina (1), containing an aggregate of approximately 2.4 million rentable square feet.

Acquisition and Disposition Activity

As of December 31, 2013 and 2012, we owned 366 and 381 facilities, respectively, that contained an aggregate of 24.7 million and 25.5 million rentable square feet with occupancy rates of 88.3% and 84.4%, respectively.

A complete listing of, and additional information about, our facilities is included in Item 2 of this Report. The following is a summary of our 2013, 2012 and 2011 acquisition and disposition activity:

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Facility/Portfolio	Location	Transaction Date	Number of Facilities		Purchase / Sale Price (in thousands)
2013 Acquisitions:					
Gilbert Asset	Gilbert, AZ	March 2013	1	$	6,900
Evanston Asset	Evanston, IL	May 2013	1		8,300
Delray Beach Asset	Delray Beach, FL	May 2013	1		7,150
Miramar Asset	Miramar, FL	June 2013	1		9,000
Stoneham Asset	Stoneham, MA	June 2013	1		10,600
Maryland/New Jersey Assets	Multiple locations in MD and NJ	June 2013	5		52,400
Staten Island Asset	Staten Island, NY	July 2013	1		13,000
Lewisville Asset	Lewisville, TX	August 2013	1		10,975
Chandler Asset	Chandler, AZ	September 2013	1		10,500
Tempe Asset	Tempe, AZ	September 2013	1		4,300
Clinton Asset	Clinton, MD	November 2013	1		15,375
Katy Asset	Katy, TX	November 2013	1		9,700
Richmond Asset	Richmond, TX	December 2013	1		10,497
Dallas Asset	Dallas, TX	December 2013	1		6,925
Elkridge Asset	Elkridge, MD	December 2013	1		8,200
Fort Lauderdale Asset	Fort Lauderdale, FL	December 2013	1		6,000
			20	$	189,822
2013 Dispositions:					
Texas/Indiana Assets	Multiple locations in TX and IN	March 2013	5	$	11,400
Tennessee Assets	Multiple locations in TN	August 2013	8		25,000
California/Tennessee/Texas Assets	Multiple locations in CA, TN and TX	October/November 2013	22		90,000
			35	$	126,400
2012 Acquisitions:					
Houston Asset	Houston, TX	February 2012	1	$	5,100
Dunwoody Asset	Dunwoody, GA	February 2012	1		6,900
Mansfield Asset	Mansfield, TX	June 2012	1		4,970
Texas Assets	Multiple locations in TX	July 2012	4		18,150
Allen Asset	Allen, TX	July 2012	1		5,130
Norwalk Asset	Norwalk, CT	July 2012	1		5,000
Storage Deluxe Assets	Multiple locations in NY and CT	February/April/August 2012	6		201,910
Eisenhower Asset	Alexandria, VA	August 2012	1		19,750
New Jersey Assets	Multiple locations in NJ	August 2012	2		10,750
Georgia/Florida Assets	Multiple locations in GA and FL	August 2012	3		13,370
Peachtree Asset	Peachtree City, GA	August 2012	1		3,100
HSREV Assets	Multiple locations in PA, NY, NJ, VA and FL	September 2012	9		102,000
Leetsdale Asset	Denver, CO	September 2012	1		10,600
Orlando/West Palm Beach Assets	Multiple locations in FL	November 2012	2		13,010
Exton/Cherry Hill Assets	Multiple locations in NJ and PA	December 2012	2		7,800
Carrollton Asset	Carrollton, TX	December 2012	1		4,800
			37	$	432,340

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Facility/Portfolio	Location	Transaction Date	Number of Facilities	Purchase / Sale Price (in thousands)
2012 Dispositions:				
Michigan Assets	Multiple locations in MI	June 2012	3	$6,362
Gulf Coast Assets	Multiple locations in LA, AL and MS	June 2012	5	16,800
New Mexico Assets	Multiple locations in NM	August 2012	6	7,500
San Bernardino Asset	San Bernardino, CA	August 2012	1	5,000
Florida/ Tennessee Assets	Multiple locations in FL and TN	November 2012	3	6,550
Ohio Assets	Multiple locations in OH	November 2012	8	17,750
			26	$59,962
2011 Acquisitions:				
Burke Lake Asset	Fairfax Station, VA	January 2011	1	$14,000
West Dixie Asset	Miami, FL	April 2011	1	13,500
White Plains Asset	White Plains, NY	May 2011	1	23,000
Phoenix Asset	Phoenix, AZ	May 2011	1	612
Houston Asset	Houston, TX	June 2011	1	7,600
Duluth Asset	Duluth, GA	July 2011	1	2,500
Atlanta Assets	Atlanta, GA	July 2011	2	6,975
District Heights Asset	District Heights, MD	August 2011	1	10,400
Storage Deluxe Assets	Multiple locations in NY, CT and PA	November 2011	16	357,310
Leesburg Asset	Leesburg, VA	November 2011	1	13,000
Washington, DC Asset	Washington, DC	December 2011	1	18,250
			27	$467,147
2011 Dispositions:				
Flagship Assets	Multiple locations in IN and OH	August 2011	18	$43,500
Portage Asset	Portage, MI	November 2011	1	1,700
			19	$45,200

The comparability of our results of operations is affected by the timing of acquisition and disposition activities during the periods reported. At December 31, 2013 and 2012, we owned 366 and 381 self-storage facilities and related assets, respectively. The following table summarizes the change in number of owned self-storage facilities from January 1, 2012 through December 31, 2013:

	2013	2012
Balance - January 1	381	370
Facilities acquired	1	6
Facilities sold	(5)	
Balance - March 31	377	376
Facilities acquired	9	2
Facilities sold		(8)
Balance - June 30	386	370
Facilities acquired	4	24
Facilities sold	(8)	(7)
Balance - September 30	382	387
Facilities acquired	6	5
Facilities sold	(22)	(11)
Balance - December 31	366	381

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Financing and Investing Activities

The following summarizes certain financing and investing activities during the year ended December 31, 2013:

- *Facility Acquisitions.* During 2013, we acquired 20 self-storage facilities located throughout the United States for an aggregate purchase price of approximately $189.8 million. In connection with these acquisitions, we allocated a portion of the purchase price to the intangible value of in-place leases which aggregated to $13.5 million.

- *Investment in Unconsolidated Real Estate Venture.* On December 10, 2013, we acquired a 50% ownership interest in 35 self-storage facilities located in Texas (34) and North Carolina (1) through a newly-formed joint venture. The joint venture paid $315.7 million for these facilities. We and our unaffiliated partner in the joint venture each contributed 50% of the capital required to fund the acquisition. We refer to this joint venture elsewhere in this Report as HHF.

- *Facility Dispositions.* During 2013, we sold 35 self-storage facilities located throughout the United States for an aggregate sales price of approximately $126.4 million. In connection with these sales, we recorded gains that totaled $27.4 million.

- *Credit Facility and Term Loan Amendments*. On June 18, 2013, through amendments to its current unsecured term loans and revolving credit facility, the Company extended certain maturity dates, reduced pricing and adjusted certain covenants of its bank debt instruments.

- *Unsecured Senior Note Issuance*. On December 17, 2013, the Operating Partnership issued $250 million in aggregate principal amount of 4.375% unsecured senior notes due December 15, 2023.

- *Term Loan Repayment.* On December 17, 2013, we repaid a $100 million term loan that was scheduled to mature in 2014 under our Credit Facility.

- *At-The-Market Equity Programs.* During 2013, under our at-the-market programs, we sold a total of 5.7 million common shares at an average sales price of $17.92 per share, resulting in gross proceeds of $102.1 million under the programs. We incurred $1.8 million of offering costs in conjunction with the sales. At December 31, 2013, 6.4 million common shares remained available for sale under the program.

Business Strategy

Our business strategy consists of several elements:

- **Maximize cash flow from our facilities** Our operating strategy focuses on maximizing sustainable rents at our facilities while achieving and sustaining occupancy targets. We utilize our operating systems and experienced personnel to manage the balance between rental rates, discounts, and physical occupancy with an objective of maximizing our rental revenue.

- **Acquire facilities within targeted markets** During 2014, we intend to pursue selective acquisitions in markets that we believe have high barriers to entry, strong demographic fundamentals and demand for storage in excess of storage capacity. We believe the self-storage industry will continue to afford us opportunities for growth through acquisitions due to the highly fragmented composition of the industry. In the past, we have formed joint ventures with unaffiliated third parties, and in the future we may form additional joint ventures to facilitate the funding of future developments or acquisitions.

- **Dispose of facilities not in targeted markets** During 2014, we intend to continue to opportunistically reduce exposure in slower growth, lower barrier-to-entry markets. We intend to use proceeds from these transactions to fund acquisitions within target markets.

- **Grow our third-party management business** We intend to pursue additional third-party management opportunities in markets where we currently maintain management that can be extended to additional facilities. We intend to leverage our current platform to take advantage of consolidation in the industry. We plan to utilize our relationships with third-party owners to help source future acquisitions.

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Investment and Market Selection Process

We maintain a disciplined and focused process in the acquisition and development of self-storage facilities. Our investment committee, comprised of our named executive officers and led by Christopher P. Marr, our Chief Executive Officer, oversees our investment process. Our investment process involves six stages identification, initial due diligence, economic assessment, investment committee approval (and when required, Board approval), final due diligence, and documentation. Through our investment committee, we intend to focus on the following criteria:

- **Targeted markets** Our targeted markets include areas where we currently maintain management that can be extended to additional facilities, or where we believe that we can acquire a significant number of facilities efficiently and within a short period of time. We evaluate both the broader market and the immediate area, typically three miles around the facility, for its ability to support above-average demographic growth. We seek to increase our presence primarily in areas that we expect will experience growth, including the Northeastern and Middle Atlantic areas of the United States and areas within Georgia, Florida, Texas, Illinois and California and to enter additional markets should suitable opportunities arise.

- **Quality of facility** We focus on self-storage facilities that have good visibility and are located near retail centers, which typically provide high traffic corridors and are generally located near residential communities and commercial customers.

- **Growth potential** We target acquisitions that offer growth potential through increased operating efficiencies and, in some cases, through additional leasing efforts, renovations or expansions. In addition to acquiring single facilities, we seek to invest in portfolio acquisitions, including those offering significant potential for increased operating efficiency and the ability to spread our fixed costs across a large base of facilities.

Segment

We have one reportable segment: we own, operate, develop, manage and acquire self-storage facilities.

Concentration

Our self-storage facilities are located in major metropolitan areas as well as suburban areas and have numerous customers per facility. No single customer represented a significant concentration of our 2013 revenues. Our facilities in New York, Florida, Texas and California provided approximately 17%, 15%, 10% and 9%, respectively, of our total 2013 revenues. Our facilities in New York, Florida, California and Texas provided approximately 16%, 15%, 10% and 10%, respectively, of our total 2012 revenues.

Seasonality

We typically experience seasonal fluctuations in occupancy levels at our facilities, with the levels generally slightly higher during the summer months due to increased moving activity.

Financing Strategy

We maintain a capital structure that we believe is reasonable and prudent and that will enable us to have ample cash flow to cover debt service and make distributions to our shareholders. As of December 31, 2013, our debt to total capitalization ratio (determined by dividing the carrying value of our total indebtedness by the sum of (a) the market value of the Parent Company s outstanding common shares, preferred shares and units of the Operating Partnership held by third parties and (b) the carrying value of our total indebtedness) was approximately 32.8% compared to approximately 33.4% as of December 31, 2012. Our ratio of debt to the undepreciated cost of our total assets as of December 31, 2013 was approximately 41.3% compared to approximately 40.9% as of December 31, 2012. We expect to finance additional investments in self-storage facilities through the most attractive sources of capital available at the time of the transaction, in a manner consistent with maintaining a strong financial position and future financial flexibility, subject to limitations on incurrence of indebtedness in our unsecured credit facilities and the indenture that governs our unsecured notes. These capital sources may include borrowings under the revolving portion of our credit facility, additional secured or unsecured financings, sales of common or preferred shares of the Parent Company in public offerings or private placements, additional issuances of debt securities and issuances of common or preferred units in our Operating Partnership in exchange for contributed facilities or cash and formations of joint ventures. We also may sell facilities that we no longer view as core assets and reallocate the sales proceeds to fund other acquisitions.

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Competition

Self-storage facilities compete based on a number of factors, including location, rental rates, security, suitability of the facility s design to prospective customers needs and the manner in which the facility is operated and marketed. In particular, the number of competing self-storage facilities in a particular market could have a material effect on our occupancy levels, rental rates and on the overall operating performance of our facilities. We believe that the primary competition for potential customers of any of our self-storage facilities comes from other self-storage facilities within a three-mile radius of that facility. We believe our facilities are well-positioned within their respective markets and we emphasize customer service, convenience, security and professionalism.

Our key competitors include local and regional operators as well as the other public self-storage REITS, including Public Storage, Sovran Self Storage, Inc. and Extra Space Storage Inc. These companies, some of which operate significantly more facilities than we do and have greater resources than we have, and other entities may be able to accept more risk than we determine is prudent for us, including risks with respect to the geographic proximity of facility investments and the payment of higher facility acquisition prices. This competition may reduce the number of suitable acquisition opportunities available to us, increase the price required to acquire the particular facilities and reduce the demand for self-storage space at our facilities. Nevertheless, we believe that our experience in operating, managing, acquiring, developing and obtaining financing for self-storage facilities should enable us to compete effectively.

Government Regulation

We are subject to various laws, ordinances and regulations, including regulations relating to lien sale rights and procedures and various federal, state and local regulations that apply generally to the ownership of real property and the operation of self-storage facilities.

Under the Americans with Disabilities Act of 1990 and applicable state accessibility act laws (collectively, the ADA), all places of public accommodation are required to meet federal requirements related to physical access and use by disabled persons. A number of other federal, state and local laws may also impose access and other similar requirements at our facilities. A failure to comply with the ADA or similar state or local requirements could result in the governmental imposition of fines or the award of damages to private litigants affected by the noncompliance. Although we believe that our facilities comply in all material respects with these requirements (or would be eligible for applicable exemptions from material requirements because of adaptive assistance provided), a determination that one or more of our facilities is not in compliance with the ADA or similar state or local requirements would result in the incurrence of additional costs associated with bringing the facilities into compliance.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of hazardous substances released on or in its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances, or the failure to properly remediate such substances, when released, may adversely affect the property owner s ability to sell the real estate or to borrow using the real estate as collateral, and may cause the property owner to incur substantial remediation costs. In addition to claims for cleanup costs, the presence of hazardous substances on a property could result in a claim by a private party for personal injury or a claim by an adjacent property owner or user for property damage. We may also become liable for the costs of removal or remediation of hazardous substances stored at the facilities by a customer even though storage of hazardous substances would be without our knowledge or approval and in violation of the customer s storage lease agreement with us.

Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of facilities. Whenever the environmental assessment for one of our facilities indicates that a facility is impacted by soil or groundwater contamination from prior owners/operators or other sources, we work with our environmental consultants and, where appropriate, state governmental agencies, to ensure that the facility is either cleaned up, that no cleanup is necessary because the low level of contamination poses no significant risk to public health or the environment, or that the responsibility for cleanup rests with a third party. In certain cases, we have purchased environmental liability insurance coverage to indemnify us against claims for contamination or other adverse environmental conditions that may affect a property.

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We are not aware of any environmental cleanup liability that we believe will have a material adverse effect on us. We cannot assure, however, that these environmental assessments and investigations have revealed or will reveal all potential environmental liabilities, that no prior owner created any material environmental condition not known to us or the independent consultant or that future events or changes in environmental laws will not result in the imposition of environmental liability on us.

We have not received notice from any governmental authority of any material noncompliance, claim or liability in connection with any of our facilities, nor have we been notified of a claim for personal injury or property damage by a private party in connection with any of our facilities relating to environmental conditions.

We are not aware of any environmental condition with respect to any of our facilities that could reasonably be expected to have a material adverse effect on our financial condition or results of operations, and we do not expect that the cost of compliance with environmental regulations will have a material adverse effect on our financial condition or results of operations. We cannot assure, however, that this will continue to be the case.

Insurance

We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the facilities in our portfolio. We carry environmental insurance coverage on certain facilities in our portfolio. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for losses such as loss from riots, war or acts of God, and, in some cases, environmental hazards, because such coverage is not available or is not available at commercially reasonable rates. Some of our policies, such as those covering losses due to terrorist activities, hurricanes, floods and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. We also carry liability insurance to insure against personal injuries that might be sustained at our facilities and director and officer liability insurance.

Offices

Our principal executive offices are located at 5 Old Lancaster Road, Malvern, PA 19355. Our telephone number is (610) 535-5000.

Employees

As of December 31, 2013, we employed 1,442 employees, of whom 194 were corporate executive and administrative personnel and 1,248 were property-level personnel. We believe that our relations with our employees are good. Our employees are not unionized.

Available Information

We file registration statements, proxy statements, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, with the SEC. You may obtain copies of these documents by visiting the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or by accessing the SEC s website at www.sec.gov. Our internet website address is www.cubesmart.com. You also can obtain on our website, free of charge, a copy of our annual report on Form 10-K, the Operating Partnership s registration statement on Form 10, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after we electronically file such reports or amendments with, or furnish them to, the SEC. Our internet website and the information contained therein or connected thereto are not intended to be incorporated by reference into this Report.

Also available on our website, free of charge, are copies of our Code of Business Conduct and Ethics, our Corporate Governance Guidelines, and the charters for each of the committees of our Board of Trustees the Audit Committee, the Corporate Governance and Nominating Committee, and the Compensation Committee. Copies of each of these documents are also available in print free of charge, upon request by any shareholder. You can obtain copies of these documents by contacting Investor Relations by mail at 5 Old Lancaster Road, Malvern, PA 19355.

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ITEM 1A. ***RISK FACTORS***

Overview

An investment in our securities involves various risks. Investors should carefully consider the risks set forth below together with other information contained in this Report. These risks are not the only ones that we may face. Additional risks not presently known to us, or that we currently consider immaterial, may also impair our business, financial condition, operating results and ability to make distributions to our shareholders.

Risks Related to our Business and Operations

Adverse macroeconomic and business conditions may significantly and negatively affect our rental rates, occupancy levels and therefore our results of operations.

We are susceptible to the effects of adverse macro-economic events that can result in higher unemployment, shrinking demand for products, large-scale business failures and tight credit markets. Our results of operations are sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending, as well as to increased bad debts due to recessionary pressures. A continuation of, or slow recovery from, ongoing adverse economic conditions affecting disposable consumer income, such as employment levels, business conditions, interest rates, tax rates, fuel and energy costs, could reduce consumer spending or cause consumers to shift their spending to other products and services. A general reduction in the level of discretionary spending or shifts in consumer discretionary spending could adversely affect our growth and profitability.

It is difficult to determine the breadth and duration of the economic and financial market problems and the many ways in which they may affect our customers and our business in general. Nonetheless, continuation or further worsening of these difficult financial and macroeconomic conditions could have a significant adverse effect on our sales, profitability and results of operations.

Many states and local jurisdictions are facing severe budgetary problems which may have an adverse impact on our business and financial results.

Many states and jurisdictions are facing severe budgetary problems. Action that may be taken in response to these problems, such as increases in property taxes on commercial facilities, changes to sales taxes or other governmental efforts, including mandating medical insurance for employees, could adversely impact our business and results of operations.

Our financial performance is dependent upon the economic and other conditions of the markets in which our facilities are located.

We are susceptible to adverse developments in the markets in which we operate, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Our facilities in New York, Florida, Texas, California, New Jersey, Illinois, and Connecticut accounted for approximately 17%, 15%, 10%, 9%, 6%, 6% and 4%, respectively, of our total 2013 revenues. As a result of this geographic concentration of our facilities, we are particularly susceptible to adverse market conditions in these areas. Any adverse economic or real estate developments in these markets, or in any of the other markets in which we operate, or any decrease in demand for self-storage space resulting from the local business climate could adversely affect our rental revenues, which could impair our ability to satisfy our debt service obligations and pay distributions to our shareholders.

We face risks associated with facility acquisitions.

We intend to continue to acquire individual and portfolios of self-storage facilities. These acquisitions would increase our size and may potentially alter our capital structure. Although we believe that future acquisitions that we complete will enhance our financial performance, the success of acquisitions is subject to the risks that:

- acquisitions may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired facilities may be higher than our estimates;
- we may be unable to obtain acquisition financing on favorable terms;

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- acquisitions may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or an unfamiliarity with local governmental and permitting procedures;

- there is only limited recourse, or no recourse, to the former owners of newly acquired facilities for unknown or undisclosed liabilities such as the clean-up of undisclosed environmental contamination; claims by customers, vendors or other persons arising on account of actions or omissions of the former owners of the facilities; and claims by local governments, adjoining facility owners, facility owner associations, and easement holders for fees, assessments, taxes on other facility-related changes. As a result, if a liability were asserted against us based upon ownership of an acquired facility, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow.

In addition, we do not always obtain third-party appraisals of acquired facilities (and instead rely on value determinations by our senior management) and the consideration we pay in exchange for those facilities may exceed the value determined by third-party appraisals.

We will incur costs and will face integration challenges when we acquire additional facilities.

As we acquire or develop additional self-storage facilities, we will be subject to risks associated with integrating and managing new facilities, including customer retention and mortgage default risks. In the case of a large portfolio purchase, we could experience strains in our existing information management capacity. In addition, acquisitions or developments may cause disruptions in our operations and divert management s attention away from day-to-day operations. Furthermore, our income may decline because we will be required to expense acquisition-related costs and amortize in future periods costs for acquired goodwill and other intangible assets. Our failure to successfully integrate any future acquisitions into our portfolio could have an adverse effect on our operating costs and our ability to make distributions to our shareholders.

The acquisition of new facilities that lack operating history with us will make it more difficult to predict revenue potential.

We intend to continue to acquire additional facilities. These acquisitions could fail to perform in accordance with expectations. If we fail to accurately estimate occupancy levels, rental rates, operating costs or costs of improvements to bring an acquired facility up to the standards established for our intended market position, the performance of the facility may be below expectations. Acquired facilities may have characteristics or deficiencies affecting their valuation or revenue potential that we have not yet discovered. We cannot assure that the performance of facilities acquired by us will increase or be maintained under our management.

Our development activities may be more costly or difficult to complete than we anticipate.

We intend to continue to develop self-storage facilities where market conditions warrant such investment. Once made, these investments may not produce results in accordance with our expectations. Risks associated with development and construction activities include:

- the unavailability of favorable financing sources in the debt and equity markets;

- construction cost overruns, including on account of rising interest rates, diminished availability of materials and labor, and increases in the costs of materials and labor;

- construction delays and failure to achieve target occupancy levels and rental rates, resulting in a lower than projected return on our investment; and

- complications (including building moratoriums and anti-growth legislation) in obtaining necessary zoning, occupancy and other governmental permits.

We depend on external sources of capital that are outside of our control; the unavailability of capital from external sources could adversely affect our ability to acquire or develop facilities, satisfy our debt obligations and/or make distributions to shareholders.

We depend on external sources of capital to fund acquisitions and facility development, to satisfy our debt obligations and to make distributions to our shareholders required to maintain our status as a REIT, and these sources of capital may not be available on favorable terms, if at all. Our access to external sources of capital depends on a number of factors, including the market s perception of our growth potential and our current and potential future earnings and our ability to continue to qualify as a REIT for federal income tax purposes. If we are unable to obtain external sources of capital, we may not be able to acquire or develop facilities when strategic opportunities exist, satisfy our debt obligations or make distributions to shareholders that would permit us to qualify as a REIT or avoid paying tax on our REIT taxable income.

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Rising operating expenses could reduce our cash flow and funds available for future distributions.

Our facilities and any other facilities we acquire or develop in the future are and will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. Our facilities are subject to increases in operating expenses such as real estate and other taxes, personnel costs including the cost of providing specific medical coverage to our employees, utilities, insurance, administrative expenses and costs for repairs and maintenance. If operating expenses increase without a corresponding increase in revenues, our profitability could diminish and limit our ability to make distributions to our shareholders.

We cannot assure our ability to pay dividends in the future.

Historically, we have paid quarterly distributions to our shareholders, and we intend to continue to pay quarterly dividends and to make distributions to our shareholders in amounts such that all or substantially all of our taxable income in each year, subject to certain adjustments, is distributed. This, along with other factors, should enable us to continue to qualify for the tax benefits accorded to a REIT under the Internal Revenue Code. We have not established a minimum dividends payment level, and all future distributions will be made at the discretion of our Board of Trustees. Our ability to pay dividends will depend upon, among other factors:

- the operational and financial performance of our facilities;
- capital expenditures with respect to existing and newly acquired facilities;
- general and administrative costs associated with our operation as a publicly-held REIT;
- maintenance of our REIT status;
- the amount of, and the interest rates on, our debt;
- the absence of significant expenditures relating to environmental and other regulatory matters; and
- other risk factors described in this Report.

Certain of these matters are beyond our control and any significant difference between our expectations and actual results could have a material adverse effect on our cash flow and our ability to make distributions to shareholders.

If we are unable to promptly re-let our cubes or if the rates upon such re-letting are significantly lower than expected, then our business and results of operations would be adversely affected.

We derive revenues principally from rents received from customers who rent cubes at our self-storage facilities under month-to-month leases. Any delay in re-letting cubes as vacancies arise would reduce our revenues and harm our operating results. In addition, lower than expected rental rates upon re-letting could adversely affect our revenues and impede our growth.

Facility ownership through joint ventures may limit our ability to act exclusively in our interest.

We have in the past co-invested with, and we may continue to co-invest with, third parties through joint ventures. In any such joint venture, we may not be in a position to exercise sole decision-making authority regarding the facilities owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, in cases where neither we nor the joint venture partner would have full control over the joint venture. In other circumstances, joint venture partners may have the ability without our agreement to make certain major decisions, including decisions about sales, capital expenditures and/or financing. Any disputes that may arise between us and our joint venture partners could result in litigation or arbitration that could increase our expenses and distract our officers and/or Trustees from focusing their time and effort on our business. In addition, we might in certain circumstances be liable for the actions of our joint venture partners, and the activities of a joint venture could adversely affect our ability to qualify as a REIT, even though we do not control the joint venture.

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We face significant competition for customers and for acquisition and development opportunities.

Actions by our competitors may decrease or prevent increases of the occupancy and rental rates of our facilities. We compete with numerous developers, owners and operators of self-storage facilities, including other REITs, some of which own or may in the future own facilities similar to ours in the same submarkets in which our facilities are located and some of which may have greater capital resources. In addition, due to the relatively low cost of each individual self-storage facility, other developers, owners and operators have the capability to build additional facilities that may compete with our facilities.

If our competitors build new facilities that compete with our facilities or offer space at rental rates below the rental rates we currently charge our customers, we may lose potential customers, and we may be pressured to reduce our rental rates below those we currently charge in order to retain customers when our customers leases expire. As a result, our financial condition, cash flow, cash available for distribution, market price of our shares and ability to satisfy our debt service obligations could be materially adversely affected. In addition, increased competition for customers may require us to make capital improvements to our facilities that we would not have otherwise made. Any unbudgeted capital improvements we undertake may reduce cash available for distributions to our shareholders.

We also face significant competition for acquisitions and development opportunities. Some of our competitors have greater financial resources than we do and a greater ability to borrow funds to acquire facilities. These competitors may also be willing to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher facility acquisition prices. This competition for investments may reduce the number of suitable investment opportunities available to us, may increase acquisition costs and may reduce demand for self-storage space in certain areas where our facilities are located and, as a result, adversely affect our operating results.

We may become subject to litigation or threatened litigation which may divert management s time and attention, require us to pay damages and expenses or restrict the operation of our business.

We may become subject to disputes with commercial parties with whom we maintain relationships or other parties with whom we do business. Any such dispute could result in litigation between us and the other parties. Whether or not any dispute actually proceeds to litigation, we may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from our management s ability to focus on our business. Any such resolution could involve the payment of damages or expenses by us, which may be significant. In addition, any such resolution could involve our agreement with terms that restrict the operation of our business.

There are other commercial parties, at both a local and national level, that may assert that our use of our brand names and other intellectual property conflict with their rights to use brand names and other intellectual property that they consider to be similar to ours. Any such commercial dispute and related resolution would involve all of the risks described above, including, in particular, our agreement to restrict the use of our brand name or other intellectual property.

We also could be sued for personal injuries and/or property damage occurring on our facilities. We maintain liability insurance with limits that we believe adequate to provide for the defense and/or payment of any damages arising from such lawsuits. There can be no assurance that such coverage will cover all costs and expenses from such suits.

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Potential losses may not be covered by insurance, which could result in the loss of our investment in a facility and the future cash flows from the facility.

We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the facilities in our portfolio. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for losses such as loss from riots, war or acts of God, and, in some cases, flooding and environmental hazards, because such coverage is not available or is not available at commercially reasonable rates. Some of our policies, such as those covering losses due to terrorism, hurricanes, floods and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. If we experience a loss at a facility that is uninsured or that exceeds policy limits, we could lose the capital invested in that facility as well as the anticipated future cash flows from that facility. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it impractical or undesirable to use insurance proceeds to replace a facility after it has been damaged or destroyed. In addition, if the damaged facilities are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these facilities were irreparably damaged.

Our insurance coverage may not comply with certain loan requirements.

Certain of our facilities serve as collateral for our mortgage-backed debt, some of which we assumed in connection with our acquisition of facilities and requires us to maintain insurance at levels and on terms that are not commercially reasonable in the current insurance environment. We may be unable to obtain required insurance coverage if the cost and/or availability make it impractical or impossible to comply with debt covenants. If we cannot comply with a lender s requirements, the lender could declare a default, which could affect our ability to obtain future financing and have a material adverse effect on our results of operations and cash flows and our ability to obtain future financing. In addition, we may be required to self-insure against certain losses or our insurance costs may increase.

Potential liability for environmental contamination could result in substantial costs.

We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operation of self-storage facilities. If we fail to comply with those laws, we could be subject to significant fines or other governmental sanctions.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a facility and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to sell or rent such facility or to borrow using such facility as collateral. In addition, in connection with the ownership, operation and management of facilities, we are potentially liable for property damage or injuries to persons and property.

Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of additional facilities. We carry environmental insurance coverage on certain facilities in our portfolio. We obtain or examine environmental assessments from qualified and reputable environmental consulting firms (and intend to conduct such assessments prior to the acquisition or development of additional facilities). The environmental assessments received to date have not revealed, nor do we have actual knowledge of, any environmental liability that we believe will have a material adverse effect on us. However, we cannot assure that our environmental assessments have identified or will identify all material environmental conditions, that any prior owner of any facility did not create a material environmental condition not actually known to us or that a material environmental condition does not otherwise exist with respect to any of our facilities.

Americans with Disabilities Act and applicable state accessibility act compliance may require unanticipated expenditures.

Under the ADA, all places of public accommodation are required to meet federal requirements related to physical access and use by disabled persons. A number of other federal, state and local laws may also impose access and other similar requirements at our facilities. A failure to comply with the ADA or similar state or local requirements could result in the governmental imposition of fines or the award of damages to private litigants affected by the noncompliance. Although we believe that our facilities comply in all material respects with these requirements (or would be eligible for applicable exemptions from material requirements because of adaptive assistance provided), a determination that one or more of our facilities is not in compliance with the ADA or similar state or local requirements would result in the incurrence of additional costs associated with bringing the facilities into compliance. If we are required to make substantial modifications to comply with the ADA or similar state or local requirements, we may be required to incur significant unanticipated expenditures, which could have an adverse effect on our operating costs and our ability to make distributions to our shareholders.

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Privacy concerns could result in regulatory changes that may harm our business.

Personal privacy has become a significant issue in the jurisdictions in which we operate. Many jurisdictions in which we operate have imposed restrictions and requirements on the use of personal information by those collecting such information. Changes to law or regulations affecting privacy, if applicable to our business, could impose additional costs and liability on us and could limit our use and disclosure of such information.

We face system security risks as we depend upon automated processes and the Internet.

We are increasingly dependent upon automated information technology processes and Internet commerce, and many of our new customers come from the telephone or over the Internet. Moreover, the nature of our business involves the receipt and retention of personal information about our customers. We also rely extensively on third-party vendors to retain data, process transactions and provide other systems services. These systems and our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer worms, viruses and other destructive or disruptive security breaches and catastrophic events, such as a natural disaster or a terrorist event or cyber-attack. In addition, experienced computer programmers may be able to penetrate our network security and misappropriate our confidential information, create system disruptions or cause shutdowns.

Terrorist attacks and other acts of violence or war may adversely impact our performance and may affect the markets on which our securities are traded.

Terrorist attacks against our facilities, the United States or our interests, may negatively impact our operations and the value of our securities. Attacks or armed conflicts could negatively impact the demand for self-storage facilities and increase the cost of insurance coverage for our facilities, which could reduce our profitability and cash flow. Furthermore, any terrorist attacks or armed conflicts could result in increased volatility in or damage to the United States and worldwide financial markets and economy.

Risks Related to the Real Estate Industry

Our performance and the value of our self-storage facilities are subject to risks associated with our facilities and with the real estate industry.

Our rental revenues and operating costs and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our facilities do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our shareholders will be adversely affected. Events or conditions beyond our control that may adversely affect our operations or the value of our facilities include but are not limited to:

- downturns in the national, regional and local economic climate;
- local or regional oversupply, increased competition or reduction in demand for self-storage space;
- vacancies or changes in market rents for self-storage space;
- inability to collect rent from customers;
- increased operating costs, including maintenance, insurance premiums and real estate taxes;

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- changes in interest rates and availability of financing;

- hurricanes, earthquakes and other natural disasters, civil disturbances, terrorist acts or acts of war that may result in uninsured or underinsured losses;

- significant expenditures associated with acquisitions and development projects, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a facility;

- costs of complying with changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes; and

- the relative illiquidity of real estate investments.

In addition, prolonged periods of economic slowdown or recession, rising interest rates or declining demand for self-storage, or the public perception that any of these events may occur, could result in a general decline in rental revenues, which could impair our ability to satisfy our debt service obligations and to make distributions to our shareholders.

Rental revenues are significantly influenced by demand for self-storage space generally, and a decrease in such demand would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.

Because our portfolio of facilities consists primarily of self-storage facilities, we are subject to risks inherent in investments in a single industry. A decrease in the demand for self-storage space would have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio. Demand for self-storage space has been and could be adversely affected by ongoing weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing self-storage facilities in an area and the excess amount of self-storage space in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for self-storage space, which could cause a decrease in our rental revenue. Any such decrease could impair our ability to satisfy debt service obligations and make distributions to our shareholders.

Because real estate is illiquid, we may not be able to sell facilities when appropriate.

Real estate property investments generally cannot be sold quickly. Also, the tax laws applicable to REITs require that we hold our facilities for investment, rather than for sale in the ordinary course of business, which may cause us to forgo or defer sales of facilities that otherwise would be in our best interest. Therefore, we may not be able to dispose of facilities promptly, or on favorable terms, in response to economic or other market conditions, which may adversely affect our financial position.

Risks Related to our Qualification and Operation as a REIT

Failure to qualify as a REIT would subject us to U.S. federal income tax which would reduce the cash available for distribution to our shareholders.

We operate our business to qualify to be taxed as a REIT for federal income tax purposes. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this Report are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on the income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our REIT taxable income, excluding net capital gains. The fact that we hold substantially all of our assets through the Operating Partnership and its subsidiaries and joint ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of $50,000 or more for each such failure.

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If we fail to qualify as a REIT for federal income tax purposes, and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to federal income tax at regular corporate rates on all of our income. As a taxable corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long term capital gains to individual shareholders at favorable rates. We also could be subject to the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. This likely would have a significant adverse effect on our earnings and likely would adversely affect the value of our securities. In addition, we would no longer be required to pay any distributions to shareholders.

Failure of the Operating Partnership (or a subsidiary partnership or joint venture) to be treated as a partnership would have serious adverse consequences to our shareholders.

If the IRS were to successfully challenge the tax status of the Operating Partnership or any of its subsidiary partnerships or joint ventures for federal income tax purposes, the Operating Partnership or the affected subsidiary partnership or joint venture would be taxable as a corporation. In such event we would cease to qualify as a REIT and the imposition of a corporate tax on the Operating Partnership, a subsidiary partnership or joint venture would reduce the amount of cash available for distribution from the Operating Partnership to us and ultimately to our shareholders.

To maintain our REIT status, we may be forced to borrow funds on a short-term basis during unfavorable market conditions.

As a REIT, we are subject to certain distribution requirements, including the requirement to distribute 90% of our REIT taxable income, excluding net capital gains, which may result in our having to make distributions at a disadvantageous time or to borrow funds at unfavorable rates. Compliance with this requirement may hinder our ability to operate solely on the basis of maximizing profits.

We will pay some taxes even if we qualify as a REIT, which will reduce the cash available for distribution to our shareholders.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay certain federal, state and local taxes on our income and property. For example, we will be subject to income tax to the extent we distribute less than 100% of our REIT taxable income, including capital gains. Additionally, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Moreover, if we have net income from prohibited transactions, that income will be subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. We cannot guarantee that sales of our facilities would not be prohibited transactions unless we comply with certain statutory safe-harbor provisions.

In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. We have elected to treat some of our subsidiaries as taxable REIT subsidiaries, and we may elect to treat other subsidiaries as taxable REIT subsidiaries in the future. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct certain interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by a taxable REIT subsidiary if the economic arrangements between the REIT, the REIT s customers, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities follow the federal income tax treatment of REITs. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our shareholders.

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We face possible federal, state and local tax audits.

Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but are subject to certain state and local taxes. Certain entities through which we own real estate either have undergone, or are currently undergoing, tax audits. Although we believe that we have substantial arguments in favor of our positions in the ongoing audits, in some instances there is no controlling precedent or interpretive guidance on the specific point at issue. Collectively, tax deficiency notices received to date from the jurisdictions conducting the ongoing audits have not been material. However, there can be no assurance that future audits will not occur with increased frequency or that the ultimate result of such audits will not have a material adverse effect on our results of operations.

Risks Related to our Debt Financings

We face risks related to current debt maturities, including refinancing risk.

Certain of our mortgages, bank loans, and unsecured debt (including our senior notes) will have significant outstanding balances on their maturity dates, commonly known as balloon payments. We may not have the cash resources available to repay those amounts, and we may have to raise funds for such repayment either through the issuance of equity or debt securities, additional bank borrowings (which may include extension of maturity dates), joint ventures or asset sales. Furthermore, we are restricted from incurring certain additional indebtedness and making certain other changes to our capital and debt structure under the terms of the senior notes and the indenture governing the senior notes.

There can be no assurance that we will be able to refinance our debt on favorable terms or at all. To the extent we cannot refinance debt on favorable terms or at all, we may be forced to dispose of facilities on disadvantageous terms or pay higher interest rates, either of which would have an adverse impact on our financial performance and ability to pay dividends to investors

As a result of our interest rate hedges, swap agreements and other, similar arrangements, we face counterparty risks.

We may be exposed to the potential risk of counterparty default or non-payment with respect to interest rate hedges, swap agreements, floors, caps and other interest rate hedging contracts that we may enter into from time to time, in which event we could suffer a material loss on the value of those agreements. Although these agreements may lessen the impact of rising interest rates on us, they also expose us to the risk that other parties to the agreements will not perform or that we cannot enforce the agreements. There is no assurance that our potential counterparties on these agreements will perform their obligations under such agreements.

Financing our future growth plan or refinancing existing debt maturities could be impacted by negative capital market conditions.

Recently, domestic financial markets have experienced extreme volatility and uncertainty. At times in recent years liquidity has tightened in the domestic financial markets, including the investment grade debt and equity capital markets for which we historically sought financing. Consequently, there is greater uncertainty regarding our ability to access the credit markets in order to attract financing on reasonable terms; there can be no assurance that we will be able to continue to issue common or preferred equity securities at a reasonable price. Our ability to finance new acquisitions and refinance future debt maturities could be adversely impacted by our inability to secure permanent financing on reasonable terms, if at all.

The terms and covenants relating to our indebtedness could adversely impact our economic performance.

Like other real estate companies that incur debt, we are subject to risks associated with debt financing, such as the insufficiency of cash flow to meet required debt service payment obligations and the inability to refinance outstanding indebtedness at maturity. If our debt cannot be paid, refinanced or extended at maturity, we may not be able to make distributions to shareholders at expected levels or at all and may not be able to acquire new facilities. Failure to make distributions to our shareholders could result in our failure to qualify as a REIT for federal income tax purposes. Furthermore, an increase in our interest expense could adversely affect our cash flow and ability to make distributions to shareholders. If we do not meet our debt service obligations, any facilities securing such indebtedness could be foreclosed on, which would have a material adverse effect on our cash flow and ability to make distributions and, depending on the number of facilities foreclosed on, could threaten our continued viability.

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Our Credit Facility contains (and any new or amended facility we may enter into from time to time will likely contain) customary affirmative and negative covenants, including financial covenants that, among other things, require us to comply with certain liquidity and net worth tests. Our ability to borrow under the Credit Facility is (and any new or amended facility we may enter into from time to time will be) subject to compliance with such financial and other covenants. In the event that we fail to satisfy these covenants, we would be in default under the Credit Facility and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of debt or equity capital may not be available to us, or may be available only on unattractive terms. Moreover, the presence of such covenants in our credit agreements could cause us to operate our business with a view toward compliance with such covenants, which might not produce optimal returns for shareholders. Similarly, the indenture under which we have issued unsecured senior notes contains customary financial covenants, including limitations on incurrence of additional indebtedness.

Increases in interest rates on variable rate indebtedness would increase our interest expense, which could adversely affect our cash flow and ability to make distributions to shareholders. Rising interest rates could also restrict our ability to refinance existing debt when it matures. In addition, an increase in interest rates could decrease the amounts that third parties are willing to pay for our assets, thereby limiting our ability to alter our portfolio promptly in relation to economic or other conditions.

Our organizational documents contain no limitation on the amount of debt we may incur. As a result, we may become highly leveraged in the future.

Our organizational documents do not limit the amount of indebtedness that we may incur. We could alter the balance between our total outstanding indebtedness and the value of our assets at any time. If we become more highly leveraged, then the resulting increase in debt service could adversely affect our ability to make payments on our outstanding indebtedness and to pay our anticipated distributions and/or the distributions required to maintain our REIT status, and could harm our financial condition.

Risks Related to our Organization and Structure

We are dependent upon our senior management team whose continued service is not guaranteed.

Our executive team, including our named executive officers, has extensive self-storage, real estate and public company experience. Although we have employment agreements with members of our senior management team, we cannot provide any assurance that any of them will remain in our employment. The loss of services of one or more members of our senior management team could adversely affect our operations and our future growth.

We are dependent upon our on-site personnel to maximize customer satisfaction; any difficulties we encounter in hiring, training and retaining skilled field personnel may adversely affect our rental revenues.

As of December 31, 2013, we had 1,248 property-level personnel involved in the management and operation of our facilities. The customer service, marketing skills and knowledge of local market demand and competitive dynamics of our facility managers are contributing factors to our ability to maximize our rental income and to achieve the highest sustainable rent levels at each of our facilities. We compete with various other companies in attracting and retaining qualified and skilled personnel. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. If there is an increase in these costs or if we fail to attract and retain qualified and skilled personnel, our business and operating results could be harmed.

Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our shares or otherwise benefit our shareholders.

Certain provisions of Maryland law may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of our common shares with the opportunity to realize a premium over the then-prevailing market price of those shares, including:

- business combination moratorium/fair price provisions that, subject to limitations, prohibit certain business combinations between us and an interested shareholder (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes stringent fair price and super-majority shareholder voting requirements on these combinations; and

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- control share provisions that provide that control shares of our company (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing Trustees) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares from a party other than the issuer) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter, excluding all interested shares, and are subject to redemption in certain circumstances.

We have opted out of these provisions of Maryland law. However, our Board of Trustees may opt to make these provisions applicable to us at any time without shareholder approval.

Our Trustees also have the discretion, granted in our bylaws and Maryland law, without shareholder approval to, among other things (1) create a staggered Board of Trustees, and (2) amend our bylaws or repeal individual bylaws in a manner that provides the Board of Trustees with greater authority. Any such action could inhibit or impede a third party from making a proposal to acquire us at a price that could be beneficial to our shareholders.

Our shareholders have limited control to prevent us from making any changes to our investment and financing policies.

Our Board of Trustees has adopted policies with respect to certain activities. These policies may be amended or revised from time to time at the discretion of our Board of Trustees without a vote of our shareholders. This means that our shareholders have limited control over changes in our policies. Such changes in our policies intended to improve, expand or diversify our business may not have the anticipated effects and consequently may adversely affect our business and prospects, results of operations and share price.

Our rights and the rights of our shareholders to take action against our Trustees and officers are limited.

Maryland law provides that a trustee or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our declaration of trust and bylaws require us to indemnify our Trustees and officers for actions taken by them in those capacities on our behalf, to the extent permitted by Maryland law. Accordingly, in the event that actions taken in good faith by any Trustee or officer impede our performance, our shareholders ability to recover damages from that Trustee or officer will be limited.

Our declaration of trust permits our Board of Trustees to issue preferred shares with terms that may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our shares or otherwise benefit our shareholders.

Our declaration of trust permits our Board of Trustees to issue up to 40,000,000 preferred shares, of which 3,100,000 shares have already been issued, having those preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications, or terms or conditions of redemption as determined by our Board. In addition, our Board may reclassify any unissued common shares into one or more classes or series of preferred shares. Thus, our Board could authorize, without shareholder approval, the issuance of preferred shares with terms and conditions that could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our shares might receive a premium for their shares over the then-prevailing market price of our shares. We currently do not expect that the Board would require shareholder approval prior to such a preferred issuance. In addition, any preferred shares that we issue would rank senior to our common shares with respect to the payment of distributions, in which case we could not pay any distributions on our common shares until full distributions have been paid with respect to such preferred shares.

Risks Related to our Securities

Additional issuances of equity securities may be dilutive to shareholders.

The interests of our shareholders could be diluted if we issue additional equity securities to finance future acquisitions or developments or to repay indebtedness. Our Board of Trustees may authorize the issuance of additional equity securities, including preferred shares, without shareholder approval. Our ability to execute our business strategy depends upon our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including common and preferred equity.

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Many factors could have an adverse effect on the market value of our securities.

A number of factors might adversely affect the price of our securities, many of which are beyond our control. These factors include:

- increases in market interest rates, relative to the dividend yield on our shares. If market interest rates go up, prospective purchasers of our securities may require a higher yield. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our equity securities to go down;
- anticipated benefit of an investment in our securities as compared to investment in securities of companies in other industries (including benefits associated with tax treatment of dividends and distributions);
- perception by market professionals of REITs generally and REITs comparable to us in particular;
- level of institutional investor interest in our securities;
- relatively low trading volumes in securities of REITs;
- our results of operations and financial condition;
- investor confidence in the stock market generally; and
- additions and departures of key personnel.

The market value of our equity securities is based primarily upon the market s perception of our growth potential and our current and potential future earnings and cash distributions. Consequently, our equity securities may trade at prices that are higher or lower than our net asset value per equity security. If our future earnings or cash distributions are less than expected, it is likely that the market price of our equity securities will diminish.

The market price of our common shares has been, and may continue to be, particularly volatile, and our shareholders may be unable to resell their shares at a profit.

The market price of our common shares has been subject to significant fluctuation and may continue to fluctuate or decline. Between January 1, 2011 and December 31, 2013, the price of our common shares has ranged from a high of $19.48 (on October 18, 2013) to a low of $8.04 (on October 7, 2011). In the past several years, REIT securities have experienced high levels of volatility and significant declines in value from their historic highs.

In the past, following periods of volatility in the market price of a company s securities, securities class action litigation has often been brought against that company. If our share price is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management s attention and resources from our business.

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ITEM 1B. ***UNRESOLVED STAFF COMMENTS***

None.

ITEM 2. ***PROPERTIES***

Overview

As of December 31, 2013, we owned 366 self-storage facilities that contain approximately 24.7 million rentable square feet and are located in 20 states and the District of Columbia. The following table sets forth summary information regarding our facilities by state as of December 31, 2013.

State	Number of Facilities	Number of Units	Total Rentable Square Feet	% of Total Rentable Square Feet	Occupancy
Florida	58	41,488	4,266,972	17.4%	91.0%
Texas	49	25,244	3,191,131	12.9%	87.7%
California	37	22,897	2,585,788	10.5%	88.1%
New York	31	35,211	2,219,593	9.0%	86.4%
Illinois	28	14,346	1,662,180	6.7%	90.3%
Arizona	27	13,998	1,459,919	5.9%	84.3%
New Jersey	23	15,268	1,560,033	6.3%	87.6%
Connecticut	20	9,065	1,040,489	4.2%	88.6%
Georgia	16	9,695	1,184,811	4.8%	88.8%
Ohio	14	8,084	928,434	3.8%	89.8%
Maryland	11	8,534	923,563	3.7%	86.6%
Virginia	9	6,717	692,935	2.8%	87.0%
Colorado	9	4,760	568,039	2.3%	87.1%
Pennsylvania	7	4,828	513,990	2.1%	88.0%
North Carolina	6	3,898	463,459	1.9%	88.1%
Tennessee	5	3,270	467,159	1.9%	90.8%
Massachusetts	5	2,968	268,554	1.1%	80.0%
Utah	4	2,199	239,623	1.0%	88.9%
New Mexico	3	1,614	181,974	0.7%	89.7%
Washington DC	2	1,801	146,277	0.6%	86.9%
Nevada	2	891	97,182	0.4%	86.1%
Total/Weighted Average	**366**	**236,776**	**24,662,105**	**100.0%**	**88.3%**

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Our Facilities

The following table sets forth additional information with respect to each of our facilities as of December 31, 2013. Our ownership of each facility consists of a fee interest in the facility held by our Operating Partnership, or one of its subsidiaries, except for five of our facilities, which are subject to ground leases. In addition, small parcels of land at four of our other facilities are subject to ground leases.

Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Chandler I, AZ	2005	1985	47,520	83.6%	436	Y	11.4%
Chandler II, AZ	2013	2008	83,859	58.3%	1,188	N	100.0%
Gilbert, AZ	2013	2010	57,430	86.2%	454	N	84.0%
Glendale, AZ	1998	1987	56,807	87.5%	515	Y	0.0%
Green Valley, AZ	2005	1985	25,200	82.5%	257	N	0.0%
Mesa I, AZ	2006	1985	52,375	91.6%	484	N	0.0%
Mesa II, AZ	2006	1981	45,461	83.3%	392	Y	5.1%
Mesa III, AZ	2006	1986	58,264	88.0%	497	Y	0.0%
Phoenix I, AZ	2006	1987	100,775	83.4%	746	Y	0.0%
Phoenix II, AZ	2006	1974	83,415	88.7%	808	Y	0.0%
Scottsdale, AZ	1998	1995	79,825	86.9%	655	Y	0.0%
Tempe I, AZ	2005	1975	53,890	86.5%	405	Y	0.0%
Tempe II, AZ	2013	2007	35,125	87.0%	430	N	71.5%
Tucson I, AZ	1998	1974	59,500	82.9%	480	Y	0.0%
Tucson II, AZ	1998	1988	43,850	87.7%	534	Y	100.0%
Tucson III, AZ	2005	1979	49,832	86.4%	483	N	0.0%
Tucson IV, AZ	2005	1982	48,040	86.4%	486	Y	13.5%
Tucson V, AZ	2005	1982	45,134	79.8%	418	Y	11.7%
Tucson VI, AZ	2005	1982	40,814	85.3%	406	Y	13.2%
Tucson VII, AZ	2005	1982	52,638	87.8%	591	Y	6.9%
Tucson VIII, AZ	2005	1979	46,550	83.5%	439	Y	0.0%
Tucson IX, AZ	2005	1984	67,545	85.9%	599	Y	6.2%
Tucson X, AZ	2005	1981	46,250	85.2%	412	N	0.0%
Tucson XI, AZ	2005	1974	42,700	85.5%	409	Y	0.0%
Tucson XII, AZ	2005	1974	42,225	85.2%	425	Y	4.0%
Tucson XIII, AZ	2005	1974	45,800	82.8%	496	Y	0.0%
Tucson XIV, AZ	2005	1976	49,095	90.3%	553	Y	0.0%
Benicia, CA	2005	1988/93/2005	74,770	91.2%	731	Y	0.0%
Citrus Heights, CA	2005	1987	75,620	86.8%	677	Y	0.0%
Diamond Bar, CA	2005	1988	102,984	90.8%	901	Y	0.0%
Escondido, CA	2007	2002	142,645	91.0%	1,221	Y	11.6%
Fallbrook, CA	1997	1985/88	46,420	87.3%	445	Y	0.0%
Lancaster, CA	2001	1987	60,675	91.4%	337	Y	0.0%
Long Beach, CA	2006	1974	125,121	88.1%	1,351	Y	0.0%
Murrieta, CA	2005	1996	49,855	80.9%	427	Y	4.9%
North Highlands, CA	2005	1980	57,094	84.9%	469	Y	0.0%
Orangevale, CA	2005	1980	50,392	90.8%	525	Y	0.0%
Pleasanton, CA	2005	2003	85,045	86.1%	693	Y	0.0%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Rancho Cordova, CA	2005	1979	53,978	82.4%	455	Y	0.0%
Rialto I, CA	2006	1987	57,391	85.8%	437	Y	0.0%
Rialto II, CA	1997	1980	99,783	85.0%	714	Y	0.0%
Riverside I, CA	2006	1977	67,120	86.2%	639	Y	0.0%
Riverside II, CA	2006	1985	85,426	91.0%	810	Y	5.5%
Roseville, CA	2005	1979	59,869	86.6%	543	Y	0.0%
Sacramento I, CA	2005	1979	50,714	86.6%	548	Y	0.0%
Sacramento II, CA	2005	1986	61,888	88.8%	550	Y	0.0%
San Bernardino I, CA	1997	1987	31,070	81.2%	236	N	0.0%
San Bernardino II, CA	1997	1991	41,546	84.4%	373	Y	0.0%
San Bernardino III, CA	1997	1985/92	35,416	83.1%	371	N	0.0%
San Bernardino IV, CA	2005	2002/04	83,057	85.6%	679	Y	12.5%
San Bernardino V, CA	2006	1974	57,595	90.5%	468	Y	7.0%
San Bernardino VII, CA	2006	1978	78,729	93.5%	604	Y	2.1%
San Bernardino VIII, CA	2006	1977	95,604	80.5%	812	Y	0.0%
San Marcos, CA	2005	1979	37,430	92.1%	242	Y	0.0%
Santa Ana, CA	2006	1984	63,816	89.2%	714	Y	3.9%
South Sacramento, CA	2005	1979	52,565	82.3%	415	Y	0.0%
Spring Valley, CA	2006	1980	55,045	88.4%	713	Y	0.0%
Temecula I, CA	1998	1985/2003	81,310	87.8%	691	Y	45.5%
Temecula II, CA	2007	2003	84,318	86.7%	634	Y	54.4%
Vista I, CA	2001	1988	74,405	94.0%	622	Y	0.0%
Vista II, CA	2005	2001/02/03	147,941	91.8%	1,276	Y	3.8%
Walnut, CA	2005	1987	50,708	90.3%	537	Y	15.8%
West Sacramento, CA	2005	1984	40,015	93.7%	478	Y	0.0%
Westminster, CA	2005	1983/98	68,428	91.9%	559	Y	0.0%
Aurora, CO	2005	1981	75,867	89.3%	617	Y	0.0%
Colorado Springs I, CO	2005	1986	47,975	82.1%	462	Y	0.0%
Colorado Springs II, CO	2006	2001	62,400	78.8%	433	Y	0.0%
Denver I, CO	2006	1997	59,200	89.7%	449	Y	0.0%
Denver II, CO	2012	2007	74,435	92.3%	675	N	94.8%
Federal Heights, CO	2005	1980	54,770	87.7%	544	Y	0.0%
Golden, CO	2005	1985	87,800	87.0%	641	Y	1.6%
Littleton, CO	2005	1987	53,490	88.3%	442	Y	0.0%
Northglenn, CO	2005	1980	52,102	86.9%	497	Y	0.0%
Bloomfield, CT	1997	1987/93/94	48,700	87.3%	440	Y	8.6%
Branford, CT	1995	1986	50,679	86.3%	434	Y	3.4%
Bristol, CT	2005	1989/99	47,725	84.5%	452	N	29.7%
East Windsor, CT	2005	1986/89	46,016	93.6%	300	N	0.3%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Enfield, CT	2001	1989	52,875	91.9%	369	Y	0.0%
Gales Ferry, CT	1995	1987/89	54,230	86.4%	601	N	9.1%
Manchester I, CT (6)	2002	1999/2000/01	47,025	90.9%	447	N	42.5%
Manchester II, CT	2005	1984	52,725	91.9%	399	N	0.0%
Milford, CT	1996	1975	44,885	89.9%	375	Y	6.9%
Monroe, CT	2005	1996/2003	58,500	86.6%	392	N	0.0%
Mystic, CT	1996	1975/86	50,825	90.0%	560	Y	4.4%
Newington I, CT	2005	1978/97	42,620	86.8%	248	N	0.0%
Newington II, CT	2005	1979/81	36,140	88.8%	194	N	0.0%
Norwalk, CT	2012	2009	30,242	90.9%	347	N	100.0%
Old Saybrook I, CT	2005	1982/88/2000	86,950	89.7%	720	N	10.8%
Old Saybrook II, CT	2005	1988/2002	26,425	91.6%	252	N	71.3%
Shelton, CT	2011	2007	78,430	83.4%	856	Y	93.9%
South Windsor, CT	1996	1976	72,075	86.0%	546	Y	2.9%
Stamford, CT	2005	1997	28,907	91.0%	363	N	38.6%
Wilton, CT	2012	1966	84,515	90.0%	770	Y	67.0%
Washington I, DC	2008	2002	63,085	86.5%	755	Y	97.1%
Washington II, DC	2011	1929/98	83,192	87.2%	1,046	N	99.5%
Boca Raton, FL	2001	1998	37,958	93.5%	605	N	70.2%
Boynton Beach I, FL	2001	1999	61,749	91.2%	756	Y	61.7%
Boynton Beach II, FL	2005	2001	61,629	90.5%	578	Y	88.6%
Bradenton I, FL	2004	1979	68,441	91.9%	581	N	7.2%
Bradenton II, FL	2004	1996	87,988	89.4%	832	Y	44.9%
Cape Coral, FL	2000*	2000	76,627	90.6%	852	Y	90.6%
Coconut Creek, FL	2012	2001	78,783	94.8%	757	N	53.0%
Dania Beach, FL (6)	2004	1984	168,274	91.1%	1,811	N	26.4%
Dania, FL	1996	1988	58,145	93.3%	493	Y	53.7%
Davie, FL	2001*	2001	80,985	93.1%	833	Y	68.3%
Deerfield Beach, FL	1998*	1998	57,230	94.3%	517	Y	54.9%
Delray Beach I, FL	2001	1999	67,813	88.8%	816	Y	45.5%
Delray Beach II, FL	2013	1987	75,834	88.6%	1,180	N	95.3%
Fernandina Beach, FL	1996	1986	113,091	89.8%	803	Y	42.1%
Ft. Lauderdale I, FL	1999	1999	70,063	96.0%	696	Y	54.6%
Ft. Lauderdale II, FL	2013	2007	46,096	62.8%	820	N	100.0%
Ft. Myers, FL	1999	1998	67,562	90.1%	591	Y	84.3%
Jacksonville I, FL	2005	2005	80,215	93.6%	706	N	100.0%
Jacksonville II, FL	2007	2004	65,045	88.3%	659	N	100.0%
Jacksonville III, FL	2007	2003	65,590	84.5%	675	N	100.0%
Jacksonville IV, FL	2007	2006	77,535	91.9%	705	N	100.0%
Jacksonville V, FL	2007	2004	82,235	85.8%	700	N	80.2%
Lake Worth, FL	1998	1998/2002	161,934	94.3%	1,355	Y	74.1%
Lakeland, FL	1994	1988	49,079	88.4%	488	Y	83.1%
Kendall, FL	2007	2003	75,495	98.4%	703	N	79.4%
Leisure City, FL	2012	2005	56,042	89.5%	611	N	69.7%
Lutz I, FL	2004	2000	66,795	91.3%	582	Y	43.5%
Lutz II, FL	2004	1999	69,232	90.2%	530	Y	29.7%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Margate I, FL	1996	1979/81	54,385	88.5%	338	N	20.8%
Margate II, FL	1996	1985	65,180	83.8%	425	Y	60.1%
Merritt Island, FL	2002	2000	50,291	92.1%	465	Y	66.4%
Miami I, FL	1996	1995	46,275	95.4%	555	Y	68.8%
Miami II, FL	1996	1989	67,010	89.6%	570	Y	18.5%
Miami III, FL	2005	1988/2003	150,735	93.7%	1,519	N	91.1%
Miami IV, FL	2011	2007	76,337	97.3%	928	N	100.0%
Miramar, FL	2013	2009	75,655	91.1%	744	N	97.1%
Naples I, FL	1996	1996	48,150	93.0%	318	Y	45.9%
Naples II, FL	1997	1985	65,850	88.1%	625	Y	56.2%
Naples III, FL	1997	1981/83	79,960	94.0%	784	Y	49.5%
Naples IV, FL	1998	1990	40,575	93.8%	431	N	64.0%
Ocoee, FL	2005	1997	76,050	92.9%	618	Y	21.8%
Orange City, FL	2004	2001	59,580	90.4%	644	N	52.6%
Orlando II, FL	2005	2002/04	63,084	88.5%	579	N	81.6%
Orlando III, FL	2006	1988/90/96	101,330	87.5%	825	Y	22.0%
Orlando IV, FL	2010	2009	76,565	88.8%	636	N	68.7%
Orlando V, FL	2012	2008	75,358	87.8%	637	N	90.8%
Oviedo, FL	2006	1988/91	49,276	92.4%	427	Y	3.7%
Pembroke Pines, FL	1997	1997	67,321	96.8%	694	Y	77.9%
Royal Palm Beach II, FL	2007	2004	81,405	90.3%	759	N	90.0%
Sanford, FL	2006	1988/2006	61,810	93.1%	437	Y	35.3%
Sarasota, FL	1999	1998	71,152	91.9%	528	Y	60.0%
St. Augustine, FL	1996	1985	59,725	89.9%	698	Y	26.3%
Stuart, FL	1997	1995	87,240	90.4%	949	Y	62.8%
SW Ranches, FL	2007	2004	64,955	93.3%	647	N	88.8%
Tampa, FL	2007	2001/02	83,838	88.3%	787	N	34.1%
West Palm Beach I, FL	2001	1997	68,061	90.1%	972	Y	52.4%
West Palm Beach II, FL	2004	1996	94,503	93.6%	834	Y	76.6%
West Palm Beach III, FL	2012	2008	77,851	91.6%	880	Y	89.8%
Alpharetta, GA	2001	1996	90,501	87.6%	662	Y	80.3%
Atlanta, GA	2012	2008	66,675	81.0%	623	N	100.0%
Austell, GA	2006	2000	83,625	89.6%	657	Y	64.3%
Decatur, GA	1998	1986	145,280	89.1%	1,239	Y	2.5%
Duluth, GA	2011	2009	70,885	89.2%	586	N	100.0%
Lawrenceville, GA	2011	1999	73,765	88.9%	599	Y	27.6%
Norcross I, GA	2001	1997	85,420	90.1%	586	Y	66.0%
Norcross II, GA	2011	1996	52,295	95.6%	396	Y	61.8%
Norcross III, GA	2012	2007	47,270	94.8%	492	Y	100.0%
Norcross IV, GA	2012	2005	57,505	84.2%	504	Y	88.7%
Peachtree City I, GA	2001	1997	49,875	87.0%	443	N	75.5%
Peachtree City II, GA	2012	2005	60,250	91.1%	430	N	43.1%
Smyrna, GA	2001	2000	57,015	89.5%	489	Y	99.2%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Snellville, GA	2007	1996/97	80,000	92.3%	752	Y	21.9%
Suwanee I, GA	2007	2000/03	84,860	83.8%	664	Y	27.6%
Suwanee II, GA	2007	2005	79,590	89.2%	573	N	65.7%
Addison, IL	2004	1979	31,325	85.6%	367	Y	0.0%
Aurora, IL	2004	1996	73,985	90.1%	557	Y	8.6%
Bartlett, IL	2004	1987	51,425	90.8%	405	Y	32.4%
Hanover, IL	2004	1987	41,190	88.3%	414	Y	2.2%
Bellwood, IL	2001	1999	86,650	86.2%	739	Y	50.7%
Des Plaines, IL (6)	2004	1978	71,520	89.8%	605	N	0.0%
Elk Grove Village, IL	2004	1987	64,129	87.0%	620	Y	7.2%
Evanston, IL	2013	2009	58,050	95.4%	593	N	100.0%
Glenview, IL	2004	1998	100,115	90.0%	738	Y	100.0%
Gurnee, IL	2004	1987	80,300	94.9%	707	Y	37.0%
Harvey, IL	2004	1987	60,090	86.1%	575	Y	0.0%
Joliet, IL	2004	1993	72,865	91.4%	533	Y	24.7%
Kildeer, IL	2004	1988	46,485	88.1%	420	Y	0.0%
Lombard, IL	2004	1981	57,739	88.7%	534	Y	4.5%
Mount Prospect, IL	2004	1979	64,750	91.7%	582	Y	10.3%
Mundelein, IL	2004	1990	44,700	92.7%	487	Y	12.3%
North Chicago, IL	2004	1985	53,400	90.5%	423	N	0.0%
Plainfield I, IL	2004	1998	53,900	90.2%	405	N	8.8%
Plainfield II, IL	2005	2000	51,900	92.8%	355	N	32.5%
Schaumburg, IL	2004	1988	31,160	86.6%	319	N	5.3%
Streamwood, IL	2004	1982	64,305	90.5%	557	N	7.5%
Warrenville, IL	2005	1977/89	48,796	90.2%	377	N	0.0%
Waukegan, IL	2004	1977	79,500	89.8%	673	Y	8.0%
West Chicago, IL	2004	1979	48,175	89.3%	432	Y	0.0%
Westmont, IL	2004	1979	53,450	93.0%	376	Y	0.0%
Wheeling I, IL	2004	1974	54,210	90.1%	491	N	0.0%
Wheeling II, IL	2004	1979	67,825	91.9%	601	Y	9.8%
Woodridge, IL	2004	1987	50,241	92.2%	461	Y	17.3%
Boston I, MA	2010	1950	33,286	78.2%	584	N	30.7%
Boston II, MA	2002	2001	60,420	85.7%	626	Y	98.7%
Leominster, MA	1998	1987/88/2000	54,023	87.7%	503	Y	50.5%
Medford, MA	2007	2001	58,725	83.6%	656	Y	97.1%
Stoneham, MA	2013	2009/11	62,100	65.5%	599	N	100.0%
Baltimore, MD	2001	1999/2000	93,550	88.2%	807	Y	48.5%
Beltsville, MD	2013	2006	63,707	85.5%	649	N	9.7%
California, MD	2004	1998	77,840	88.1%	721	Y	41.1%
Clinton, MD	2013	2008/10	84,025	85.7%	903	N	50.9%
District Heights, MD	2011	2007	78,720	87.0%	955	Y	96.1%
Elkridge, MD	2013	1999	63,675	71.5%	606	N	91.3%
Gaithersburg, MD	2005	1998	87,045	90.4%	785	Y	45.4%
Hyattsville, MD	2013	2006	52,665	78.9%	602	N	9.3%
Laurel, MD	2001	1978/99/2000	162,796	92.2%	1,024	N	64.0%
Temple Hills, MD	2001	2000	97,250	88.3%	827	Y	70.6%
Upper Marlboro, MD	2013	2006	62,290	83.3%	655	N	5.5%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Belmont, NC	2001	1996/97/98	81,850	88.5%	593	N	21.5%
Burlington I, NC	2001	1990/91/93/94/98	109,396	86.8%	952	N	8.4%
Burlington II, NC	2001	1991	42,205	86.1%	394	Y	16.4%
Cary, NC	2001	1993/94/97	112,333	89.4%	797	N	11.9%
Charlotte, NC	2002	1999	69,000	88.3%	743	Y	44.2%
Raleigh, NC	1998	1994/95	48,675	88.3%	419	Y	11.4%
Bordentown, NJ	2012	2006	50,600	81.3%	383	N	27.0%
Brick, NJ	1996	1981	51,725	84.7%	433	N	0.0%
Cherry Hill I, NJ	2010	2004	51,600	93.6%	376	Y	0.0%
Cherry Hill II, NJ	2012	2004	64,850	84.6%	610	N	74.2%
Clifton, NJ	2005	2001	105,450	91.6%	1,013	Y	92.4%
Cranford, NJ	1996	1987	91,280	91.9%	855	Y	8.0%
East Hanover, NJ	1996	1983	107,679	81.9%	966	N	3.4%
Egg Harbor I, NJ	2010	2005	35,425	96.3%	287	N	14.2%
Egg Harbor II, NJ	2010	2002	70,400	83.9%	685	N	19.9%
Elizabeth, NJ	2005	1925/97	38,830	91.5%	674	N	0.0%
Fairview, NJ	1997	1989	27,876	90.0%	444	N	98.4%
Freehold, NJ	2012	2002	81,470	94.4%	746	Y	65.8%
Hamilton, NJ	2006	1990	70,550	90.5%	606	Y	0.0%
Hoboken, NJ	2005	1945/97	34,180	86.6%	743	N	99.3%
Linden, NJ	1996	1983	100,425	92.8%	1,118	N	5.3%
Lumberton, NJ	2012	2004	95,975	79.9%	771	Y	32.5%
Morris Township, NJ (6)	1997	1972	71,976	88.5%	564	Y	5.7%
Parsippany, NJ	1997	1981	66,325	90.4%	566	Y	19.4%
Rahway, NJ	2013	2006	83,171	87.1%	982	N	92.2%
Randolph, NJ	2002	1998/99	52,565	87.2%	539	Y	91.1%
Sewell, NJ	2001	1984/98	57,826	88.4%	454	N	9.4%
Somerset, NJ	2012	2000	57,585	87.7%	514	N	82.8%
Whippany, NJ	2013	2007	92,270	78.4%	939	N	85.8%
Albuquerque I, NM	2005	1985	65,927	87.6%	607	Y	13.8%
Albuquerque II, NM	2005	1985	58,511	93.2%	524	Y	15.8%
Albuquerque III, NM	2005	1986	57,536	88.6%	483	Y	12.0%
Las Vegas I, NV	2006	1986	48,332	83.2%	369	Y	13.3%
Las Vegas II, NV	2006	1997	48,850	88.9%	522	Y	65.6%
Bronx I, NY	2010	1931/2004	68,698	90.3%	1,316	N	97.4%
Bronx II, NY (5)	2011	2006	90,170	91.4%	829	N	98.8%
Bronx III, NY	2011	2007	106,065	83.9%	2,034	N	99.1%
Bronx IV, NY (5)	2011	2007	75,080	90.4%	1,310	N	99.2%
Bronx V, NY (5)	2011	2007	54,733	87.3%	1,099	N	99.6%
Bronx VI, NY (5)	2011	2011	39,495	91.2%	1,096	N	97.4%
Bronx VII, NY (5)	2012	2005	78,625	85.3%	1,524	N	100.0%
Bronx VIII, NY	2012	1928	30,550	83.7%	545	N	99.8%
Bronx IX, NY	2012	1973	148,570	87.7%	3,016	Y	99.5%
Bronx X, NY	2012	2001	159,780	86.8%	2,758	Y	74.7%
Brooklyn I, NY	2010	1917/2004	57,020	87.3%	861	N	99.8%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Brooklyn II, NY	2010	1962/2003	60,920	89.4%	1,146	N	18.8%
Brooklyn III, NY	2011	2006	41,635	85.6%	851	N	100.0%
Brooklyn IV, NY	2011	2006	37,467	83.0%	793	N	99.9%
Brooklyn V, NY	2011	2007	47,010	88.4%	885	N	100.0%
Brooklyn VI, NY	2011	2007	75,980	83.8%	1,417	N	97.5%
Brooklyn VII, NY	2011	2006	72,685	86.7%	1,399	N	99.9%
Jamaica I, NY	2001	2000	88,485	90.7%	920	Y	21.4%
Jamaica II, NY	2011	2010	91,245	87.9%	1,472	N	99.9%
New Rochelle I, NY	2005	1998	46,068	76.1%	400	N	25.1%
New Rochelle II, NY	2012	1917	63,145	88.9%	1,024	Y	52.9%
North Babylon, NY	1998	1988/99	78,188	92.3%	652	N	11.6%
Riverhead, NY	2005	1985/86/99	38,340	89.8%	328	N	0.0%
Southold, NY	2005	1989	59,451	95.3%	604	N	4.8%
Staten Island, NY	2013	1900/2011	96,823	49.7%	918	N	39.8%
Tuckahoe, NY	2011	2007	51,343	85.6%	758	N	99.7%
West Hempstead, NY	2012	2002	84,507	89.2%	899	Y	35.3%
White Plains, NY	2011	1938	86,400	89.7%	1,506	N	26.4%
Woodhaven, NY	2011	2008	50,665	90.0%	1,029	N	99.9%
Wyckoff, NY	2010	1910/2007	61,835	87.6%	1,042	N	96.2%
Yorktown, NY	2011	2006	78,615	92.5%	780	Y	79.3%
Cleveland I, OH	2005	1997/99	46,000	93.7%	339	Y	7.3%
Cleveland II, OH	2005	2000	58,425	89.2%	571	Y	0.0%
Columbus, OH	2006	1999	71,905	89.2%	604	Y	26.1%
Grove City, OH	2006	1997	89,290	87.3%	773	Y	15.1%
Hilliard, OH	2006	1995	89,690	88.7%	777	Y	25.2%
Lakewood, OH	1989*	1989	39,337	93.2%	455	Y	37.9%
Middleburg Heights, OH	1980*	1980	93,200	89.8%	687	Y	5.1%
North Olmsted I, OH	1979*	1979	48,665	96.3%	444	Y	10.5%
North Olmsted II, OH	1988*	1988	47,850	86.1%	397	Y	24.1%
North Randall, OH	1998*	1998/2002	80,239	88.2%	795	N	92.1%
Reynoldsburg, OH	2006	1979	67,295	88.7%	666	Y	0.0%
Strongsville, OH	2007	1978	43,507	91.5%	400	Y	100.0%
Warrensville Heights, OH	1980*	1980/82/98	90,281	89.2%	723	Y	0.0%
Westlake, OH	2005	2001	62,750	91.3%	453	Y	8.6%
Conshohocken, PA	2012	2003	81,470	90.9%	730	Y	39.6%
Exton, PA	2012	2006	57,750	89.4%	543	N	73.2%
Langhorne, PA	2012	2001	65,050	82.8%	669	Y	30.3%
Levittown, PA	2001	2000	76,180	90.0%	656	Y	34.7%
Montgomeryville, PA	2012	2003	84,145	88.2%	773	Y	38.2%
Norristown, PA	2011	2005	52,031	84.3%	495	N	86.1%
Philadelphia, PA	2001	1999	97,364	88.5%	962	N	45.3%
Antioch, TN	2005	1985/98	76,190	89.7%	617	Y	7.4%
Nashville I, TN	2005	1984	103,560	86.9%	695	Y	0.0%
Nashville II, TN	2005	1986/2000	83,384	89.1%	628	Y	12.7%
Nashville III, TN	2006	1985	101,575	94.8%	597	Y	8.5%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Nashville IV, TN	2006	1986/2000	102,450	93.1%	733	Y	10.1%
Allen, TX	2012	2003	62,290	93.5%	514	Y	55.6%
Austin I, TX	2005	2001	59,520	87.0%	534	Y	63.4%
Austin II, TX	2006	2000/03	65,151	88.2%	592	Y	45.8%
Austin III, TX	2006	2004	70,535	90.5%	570	Y	92.7%
Bryan, TX	2005	1994	60,450	85.6%	495	Y	0.0%
Carrollton, TX	2012	2002	77,440	91.4%	539	Y	39.9%
College Station, TX	2005	1993	26,550	81.9%	346	N	0.0%
Cypress, TX	2012	1998	57,711	85.8%	441	Y	45.8%
Dallas I, TX	2005	2000	58,582	91.7%	532	Y	37.8%
Dallas II, TX	2013	1996	79,155	77.1%	603	N	27.8%
Denton, TX	2006	1996	60,846	84.5%	461	Y	3.2%
El Paso I, TX	2005	1980	59,852	84.0%	512	Y	6.2%
El Paso II, TX	2005	1980	48,704	82.7%	408	Y	0.0%
El Paso III, TX	2005	1980	71,152	77.5%	584	Y	5.3%
El Paso IV, TX	2005	1983	66,906	86.6%	515	Y	2.9%
El Paso V, TX	2005	1982	62,290	81.1%	405	Y	0.0%
El Paso VI, TX	2005	1985	36,620	88.7%	254	Y	0.0%
El Paso VII, TX	2005	1982	33,945	40.1%	13	N	0.0%
Fort Worth I, TX	2005	2000	50,521	89.1%	405	Y	38.8%
Fort Worth II, TX	2006	2003	72,900	90.2%	653	Y	68.5%
Frisco I, TX	2005	1996	50,754	89.5%	428	Y	25.6%
Frisco II, TX	2005	1998/2002	71,099	90.1%	513	Y	28.9%
Frisco III, TX	2006	2004	74,915	87.9%	614	Y	92.4%
Frisco IV, TX	2010	2007	75,035	86.2%	511	Y	21.3%
Garland I, TX	2006	1991	70,100	90.3%	679	Y	4.3%
Garland II, TX	2006	2004	68,425	93.7%	469	Y	53.9%
Houston III, TX	2005	1984	60,820	95.1%	459	Y	9.1%
Houston IV, TX	2005	1987	43,750	93.2%	381	Y	10.2%
Houston V, TX	2006	1980/97	126,065	90.5%	1,011	Y	61.4%
Houston VI, TX	2011	2002	54,680	94.5%	588	Y	99.8%
Houston VII, TX	2012	2004	47,227	95.4%	533	N	100.0%
Houston VIII, TX	2012	1989	54,213	89.3%	498	N	68.9%
Houston IX, TX	2012	1992	51,197	95.9%	429	Y	48.3%
Katy, TX	2013	2009	71,308	82.4%	578	N	88.6%
Keller, TX	2006	2000	61,885	90.7%	486	Y	23.2%
Lewisville I, TX	2006	1996	58,140	91.8%	429	Y	22.3%
Lewisville II, TX	2013	2003	127,509	88.4%	1,197	N	27.4%
Mansfield I, TX	2006	2003	63,025	85.4%	481	Y	43.1%
Mansfield II, TX	2012	2002	57,775	91.7%	483	Y	68.2%
McKinney I, TX	2005	1996	47,020	94.0%	360	Y	12.2%
McKinney II, TX	2006	1996	70,050	92.3%	537	Y	47.3%
North Richland Hills, TX	2005	2002	57,200	86.3%	433	Y	60.5%
Pearland, TX	2012	1985	72,060	84.9%	460	N	45.9%
Roanoke, TX	2005	1996/2001	59,420	92.8%	447	Y	30.7%
Richmond, TX	2013	1998	125,275	87.3%	535	N	29.8%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
San Antonio I, TX	2005	2005	73,309	83.5%	575	Y	89.4%
San Antonio II, TX	2006	2005	73,230	83.6%	670	N	91.5%
San Antonio III, TX	2007	2006	71,775	84.7%	565	N	93.7%
Spring, TX	2006	1980/86	72,751	90.4%	534	Y	26.7%
Murray I, UT	2005	1976	60,280	87.3%	621	Y	0.0%
Murray II, UT	2005	1978	71,221	92.7%	371	Y	5.4%
Salt Lake City I, UT	2005	1976	56,446	85.0%	725	Y	0.0%
Salt Lake City II, UT	2005	1978	51,676	89.6%	482	Y	0.0%
Alexandria, VA	2012	2000	114,650	86.8%	1,153	Y	97.2%
Burke Lake, VA	2011	2003	91,747	82.2%	898	Y	81.6%
Fairfax, VA	2012	1999	73,650	88.7%	683	N	88.3%
Fredericksburg I, VA	2005	2001/04	69,475	88.3%	610	N	21.9%
Fredericksburg II, VA	2005	1998/2001	61,207	84.1%	561	N	87.0%
Leesburg, VA	2011	2001/04	85,503	89.5%	890	Y	83.9%
McLearen, VA	2010	2002	68,960	88.6%	722	Y	90.9%
Manassas, VA	2010	1998	73,045	84.3%	639	Y	64.7%
Vienna, VA	2012	2000	54,698	92.2%	561	Y	97.2%
Total/Weighted Average (366 facilities)			**24,662,105**	**88.3%**	**236,791**		

* Denotes facilities developed by us.

Denotes facilities that contain commercial rentable square footage. All of this commercial space, which was developed in conjunction with the self-storage cubes, is located within or adjacent to our self-storage facilities and is managed by our self-storage facility managers. As of December 31, 2013, facilities in our portfolio included an aggregate of approximately 277,000 rentable square feet of commercial space.

(1) Represents the year acquired for those facilities we acquired from a third party or the year developed for those facilities we developed.

(2) Represents occupied square feet divided by total rentable square feet at December 31, 2013.

(3) Indicates whether a facility has an on-site apartment where a manager resides.

(4) Represents the percentage of rentable square feet in climate-controlled cubes.

(5) We do not own the land at these facilities. We lease the land pursuant to ground leases that expire between 2052 and 2061, subject to renewal options.

(6) We have ground leases for certain small parcels of land adjacent to these facilities that expire between 2014 and 2019.

We have grown by adding facilities to our portfolio through acquisitions and development. The tables set forth below show the average occupancy, annual rent per occupied square foot, average occupied square feet and total revenues for our facilities owned as of December 31, 2013, and for each of the previous three years, grouped by the year during which we first owned or operated the facility.

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Facilities by Year Acquired - Average Occupancy

Year Acquired (1)	# of Facilities	Rentable Square Feet	Average Occupancy 2013	2012	2011
2010 and earlier	283	18,734,001	88.3%	82.7%	79.2%
2011	26	1,796,173	88.5%	82.3%	78.7%
2012	37	2,635,909	87.6%	83.8%	
2013	20	1,496,022	80.6%		
All Facilities Owned as of December 31, 2013	366	24,662,105	88.0%	82.8%	79.2%

Facilities by Year Acquired - Annual Rent Per Occupied Square Foot (2)

Year Acquired (1)	# of Facilities	Rent per Square Foot 2013	2012	2011
2010 and earlier	283	$ 12.43	$ 12.42	$ 12.59
2011	26	24.48	24.01	22.80
2012	37	18.15	15.55	
2013	20	12.44		
All Facilities Owned as of December 31, 2013	366	$ 13.93	$ 13.67	$ 13.48

Facilities by Year Acquired - Average Occupied Square Feet (3)

Year Acquired (1)	# of Facilities	Average Occupied Square Feet 2013	2012	2011
2010 and earlier	283	16,487,436	15,517,599	14,884,230
2011	26	1,590,812	1,476,913	1,409,521
2012	37	2,309,401	2,199,295	
2013	20	1,191,148		
All Facilities Owned as of December 31, 2013	366	21,578,797	19,193,807	16,293,751

Facilities by Year Acquired - Total Revenues (dollars in thousands) (4)

Year Acquired (1)	# of Facilities	Total Revenues 2013	2012	2011
2010 and earlier	283	$ 216,914	$ 202,386	$ 194,831
2011	26	41,005	36,945	9,548
2012	37	43,926	19,028	
2013	20	7,048		
	366	$ 308,893	$ 258,359	$ 204,379

All Facilities Owned as of December 31, 2013

(1) For facilities developed by us, Year Acquired represents the year in which we acquired such facilities from an affiliated entity, which in some cases is later than the year developed.

(2) Determined by dividing the aggregate rental revenue for each twelve-month period by the average of the month-end occupied square feet for the period. Rental revenue includes the impact of promotional discounts, which reduce rental income over the promotional period, of $15.7 million, $15.0 million and $12.0 million, for the periods ended December 31, 2013, 2012 and 2011.

(3) Represents the average of the aggregate month-end occupied square feet for the twelve-month period for each group of facilities.

(4) Represents the result obtained by multiplying total income per occupied square foot by the average occupied square feet for the twelve-month period for each group of facilities. This result will vary from amounts reported on the financial statements.

Unconsolidated Real Estate Venture

On December 10, 2013, we acquired a 50% ownership interest in 35 self-storage facilities located in Texas (34) and North Carolina (1) through the newly-formed HHF joint venture. These facilities contain an aggregate of 2.4 million rentable square feet. The joint venture paid $315.7 million for these facilities. We and our joint venture partner each contributed 50% of the equity capital required to fund the acquisition. We account for our investment in the HHF joint venture using the equity method. See note 5 to the consolidated financial statements.

Planned Renovations and Improvements

We have a capital improvement program that includes office upgrades, adding climate control to selected cubes, construction of parking areas and other facility upgrades. For 2014, we anticipate spending approximately $7 million to $11 million associated with these capital expenditures.

ITEM 3. ***LEGAL PROCEEDINGS***

We are involved in claims from time to time, which arise in the ordinary course of business. In the opinion of management, we have made adequate provisions for potential liabilities, if any, arising from any such matters. However, litigation is inherently unpredictable, and the costs and other effects of pending or future litigation, governmental investigations, legal and administrative cases and proceedings (whether civil or criminal), settlements, judgments and investigations, claims and changes in any such matters, could have a material adverse effect on our business, financial condition and operating results.

ITEM 4. ***MINING SAFETY DISCLOSURES***

Not applicable.

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PART II

ITEM 5. ***MARKET FOR REGISTRANT S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

As of December 31, 2013, there were approximately 78 registered record holders of the Parent Company s common shares and 12 holders (other than the Parent Company) of the Operating Partnership s common units. These figures do not include beneficial owners who hold shares in nominee name. There is no established trading market for these units of the Operating Partnership. The following table shows the high and low closing prices per common share, as reported by the New York Stock Exchange, and the cash dividends declared with respect to such shares:

	High	Low	Cash Dividends Declared
2012			
First quarter	$ 12.14	$ 10.30	$ 0.080
Second quarter	$ 12.81	$ 10.90	$ 0.080
Third quarter	$ 13.48	$ 11.69	$ 0.080
Fourth quarter	$ 14.67	$ 12.59	$ 0.110
2013			
First quarter	$ 15.92	$ 14.24	$ 0.110
Second quarter	$ 17.57	$ 15.48	$ 0.110
Third quarter	$ 17.96	$ 15.94	$ 0.110
Fourth quarter	$ 19.48	$ 15.12	$ 0.130

For each quarter in 2012 and 2013, the Operating Partnership paid a cash distribution per unit in an amount equal to the dividend paid on a common share for each such quarter.

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our shareholders. Distributions to shareholders are usually taxable as ordinary income, although a portion of the distribution may be designated as capital gain or may constitute a tax-free return of capital. Annually, we provide each of the Parent Company s common shareholders a statement detailing the tax characterization of dividends paid during the preceding year as ordinary income, capital gain or return of capital. The characterization of the Parent Company s dividends for 2013 consisted of a 55.9082% ordinary income distribution and a 44.0918% capital gain distribution from earnings and profits.

Distributions to 7.75% Series A Cumulative Redeemable Preferred Shareholders are usually taxable as ordinary income, although a portion of the distribution may be designated as capital gain or may constitute a tax-free return of capital. Annually, we provide each of the Parent Company s preferred shareholders a statement detailing preferred distributions paid during the preceding year and their characterization as ordinary income, capital gain or return of capital. The characterization of our preferred dividends for 2013 consisted of a 65.7893% ordinary income distribution and a 34.2107% capital gain distribution from earnings and profits.

We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions. Under the revolving portion of our Credit Facility, we are restricted from paying distributions on the Parent Company s common shares in excess of the greater of (i) 95% of our funds from operations, and (ii) such amount as may be necessary to maintain our REIT status.

To the extent that we make distributions in excess of our earnings and profits, as computed for federal income tax purposes, these distributions will represent a return of capital, rather than a dividend, for federal income tax purposes. Distributions that are treated as a return of capital for federal income tax purposes generally will not be taxable as a dividend to a U.S. shareholder, but will reduce the shareholder s basis in its shares (but not below zero) and therefore can result in the shareholder having a higher gain upon a subsequent sale of such shares. Return of capital distributions in excess of a shareholder s basis generally will be treated as gain from the sale of such shares for federal income tax purposes.

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Share Performance Graph

The SEC requires us to present a chart comparing the cumulative total shareholder return, assuming reinvestment of dividends, on our common shares with the cumulative total shareholder return of (i) a broad equity index and (ii) a published industry or peer group index. The following chart compares the yearly cumulative total shareholder return for our common shares with the cumulative shareholder return of companies on (i) the S&P 500 Index, (ii) the Russell 2000 and (iii) the NAREIT All Equity REIT Index as provided by NAREIT for the period beginning December 31, 2008 and ending December 31, 2013.

	Period Ending					
Index	**12/31/08**	**12/31/09**	**12/31/10**	**12/31/11**	**12/31/12**	**12/31/13**
CubeSmart	100.00	168.81	222.65	255.96	362.99	408.40
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19
Russell 2000	100.00	127.17	161.32	154.59	179.86	249.69
NAREIT All Equity REIT Index	100.00	127.99	163.76	177.32	212.26	218.32

On September 27, 2007, the Parent Company announced that the Board of Trustees approved a share repurchase program for up to 3.0 million of the Parent Company s outstanding common shares. Unless terminated earlier by resolution of the Board of Trustees, the program will expire when the number of authorized shares has been repurchased. The Parent Company has made no repurchases under this program to date and there were no other repurchases of the Parent Company s common shares during the year ended December 31, 2013.

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ITEM 6. ***SELECTED FINANCIAL DATA***

CUBESMART

The following table sets forth selected financial and operating data on a historical consolidated basis for the Parent Company. The selected historical financial data for the five-year period ended December 31, 2013 was derived from the Parent Company s financial statements, which have been audited by KPMG LLP.

The following data should be read in conjunction with the audited financial statements and notes thereto of the Parent Company and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Report.

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	For the year ended December 31,				
	2013	2012	2011	2010	2009
	(Dollars and shares in thousands, except per share data)				
REVENUES					
Rental income	$ 281,250	$ 236,160	$ 188,249	$ 165,631	$ 164,541
Other property related income	32,365	25,821	18,987	15,697	13,389
Property management fee income	4,780	4,341	3,768	2,829	56
Total revenues	318,395	266,322	211,004	184,157	177,986
OPERATING EXPENSES					
Property operating expenses	118,222	103,488	87,570	78,581	77,083
Depreciation and amortization	112,313	109,830	61,972	53,410	57,185
General and administrative	29,563	26,131	24,693	25,406	22,569
Total operating expenses	260,098	239,449	174,235	157,397	156,837
OPERATING INCOME	58,297	26,873	36,769	26,760	21,149
OTHER (EXPENSE) INCOME					
Interest:					
Interest expense on loans	(40,424)	(40,318)	(32,787)	(37,367)	(44,828)
Loan procurement amortization expense	(2,058)	(3,279)	(5,028)	(6,463)	(2,339)
Loan procurement amortization expense - early repayment of debt	(414)		(8,167)		
Acquisition related costs	(3,849)	(3,086)	(3,823)	(759)	
Equity in losses of real estate ventures	(1,151)	(745)	(281)		
Gain from remeasurement of investment in real estate venture		7,023			
Other	8	256	(83)	386	648
Total other expense	(47,888)	(40,149)	(50,169)	(44,203)	(46,519)
INCOME (LOSS) FROM CONTINUING OPERATIONS	10,409	(13,276)	(13,400)	(17,443)	(25,370)
DISCONTINUED OPERATIONS					
Income from discontinued operations	4,145	7,093	11,944	9,598	10,899
Gain from disposition of discontinued operations	27,440	9,811	3,903	1,826	14,139
Total discontinued operations	31,585	16,904	15,847	11,424	25,038
NET INCOME (LOSS)	41,994	3,628	2,447	(6,019)	(332)
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS					
Noncontrolling interests in the Operating Partnership	(588)	107	(35)	381	60
Noncontrolling interest in subsidiaries	42	(1,918)	(2,810)	(1,755)	(665)
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	41,448	1,817	(398)	(7,393)	(937)
Distribution to preferred shareholders	(6,008)	(6,008)	(1,218)		
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY S COMMON SHAREHOLDERS	$ 35,440	$ (4,191)	$ (1,616)	$ (7,393)	$ (937)
Basic earnings (loss) per share from continuing operations attributable to common shareholders	$ 0.03	$ (0.17)	$ (0.16)	$ (0.19)	$ (0.34)
Basic earnings per share from discontinued operations attributable to common shareholders	$ 0.23	$ 0.14	$ 0.14	$ 0.11	$ 0.33
Basic earnings (loss) per share attributable to common shareholders	$ 0.26	$ (0.03)	$ (0.02)	$ (0.08)	$ (0.01)

Diluted earnings (loss) per share from continuing operations attributable to common shareholders	$	0.03	$	(0.17)	$	(0.16)	$	(0.19)	$	(0.34)
Diluted earnings per share from discontinued operations attributable to common shareholders	$	0.23	$	0.14	$	0.14	$	0.11	$	0.33
Diluted earnings (loss) per share attributable to common shareholders	$	0.26	$	(0.03)	$	(0.02)	$	(0.08)	$	(0.01)
Weighted-average basic shares outstanding (1)		135,191		124,548		102,976		93,998		70,988
Weighted-average diluted shares outstanding (1)		137,742		124,548		102,976		93,998		70,988
AMOUNTS ATTRIBUTABLE TO THE COMPANY S COMMON SHAREHOLDERS:										
Income (loss) from continuing operations	$	4,392	$	(20,689)	$	(16,734)	$	(18,223)	$	(23,947)
Total discontinued operations		31,048		16,498		15,118		10,830		23,010
Net income (loss)	$	35,440	$	(4,191)	$	(1,616)	$	(7,393)	$	(937)

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	At December 31, 2013		2012		2011		2010		2009
Balance Sheet Data (in thousands):									
Storage facilities, net	$	2,155,170	$	2,089,707	$	1,788,720	$	1,428,491	$ 1,430,533
Total assets		2,358,624		2,150,319		1,875,979		1,478,819	1,598,870
Unsecured senior notes		500,000		250,000					
Revolving credit facility		38,600		45,000				43,000	
Unsecured term loans		400,000		500,000		400,000		200,000	
Secured term loan									200,000
Mortgage loans and notes payable		200,218		228,759		358,441		372,457	569,026
Total liabilities		1,229,142		1,112,420		830,925		668,266	814,146
Noncontrolling interests in the Operating Partnership		36,275		47,990		49,732		45,145	45,394
Total CubeSmart shareholders equity		1,092,276		989,791		955,913		724,216	695,309
Noncontrolling interests in subsidiaries		931		118		39,409		41,192	44,021
Total liabilities and equity		2,358,624		2,150,319		1,875,979		1,478,819	1,598,870
Other Data:									
Number of facilities		366		381		370		363	367
Total rentable square feet (in thousands)		24,662		25,485		24,420		23,635	23,749
Occupancy percentage		88.3%		84.4%		78.4%		76.3%	75.2%
Cash dividends declared per share (2)	$	0.460	$	0.350	$	0.290	$	0.145	$ 0.100

(1) Excludes Operating Partnership units issued at our IPO and in connection with the acquisition of facilities subsequent to our IPO. Operating Partnership units have been excluded from the earnings per share calculations as the related income or loss is presented in Noncontrolling interests in the Operating Partnership.

(2) We announced full quarterly dividends of $0.025 per common share on February 25, 2009, May 26, 2009, August 5, 2009, December 10, 2009, February 24, 2010, June 2, 2010, and August 4, 2010; dividends of $0.070 per common share on December 14, 2010, February 23, 2011, June 1, 2011, and August 3, 2011; dividends of $0.080 and $0.393 per common and preferred shares, respectively, on December 8, 2011; dividends of $0.080 and $0.484 per common and preferred shares, respectively, on February 21, 2012, May 30, 2012 and August 1, 2012; dividends of $0.110 and $0.484 per common and preferred shares, respectively, on December 10, 2012, February 21, 2013, May 29, 2013, and August 7, 2013, and dividends of $0.130 and $0.484 per common and preferred shares, respectively, on December 19, 2013.

CUBESMART, L.P.

The following table sets forth selected financial and operating data on a historical consolidated basis for the Operating Partnership. The selected historical financial data for the five-year period ended December 31, 2013 was derived from the Operating Partnership s financial statements, which have been audited by KPMG LLP.

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OPERATING INCOME	58,297	26,873	36,769	26,760	21,149
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Loan procurement amortization expense	(2,058)	(3,279)	(5,028)	(6,463)	(2,339)
Loan procurement amortization expense - early repayment of debt	(414)		(8,167)		
Acquisition related costs	(3,849)	(3,086)	(3,823)	(759)	
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Gain from remeasurement of investment in real estate venture		7,023			
Other	8	256	(83)	386	648
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Income from discontinued operations	4,145	7,093	11,944	9,598	10,899
Gain from disposition of discontinued operations	27,440	9,811	3,903	1,826	14,139
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Noncontrolling interest in subsidiaries	42	(1,918)	(2,810)	(1,755)	(665)
NET INCOME (LOSS) ATTRIBUTABLE TO CUBESMART L.P.	42,036	1,710	(363)	(7,774)	(997)
Operating Partnership interests of third parties	(588)	107	(35)	381	60
NET INCOME (LOSS) ATTRIBUTABLE TO OPERATING PARTNER	41,448	1,817	(398)	(7,393)	(937)
Distribution to preferred unitholders	(6,008)	(6,008)	(1,218)		
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON UNITHOLDERS	$ 35,440	$ (4,191)	$ (1,616)	$ (7,393)	$ (937)
Basic earnings (loss) per unit from continuing operations attributable to common unitholders	$ 0.03	$ (0.17)	$ (0.16)	$ (0.19)	$ (0.34)
Basic earnings per unit from discontinued operations attributable to common unitholders	$ 0.23	$ 0.14	$ 0.14	$ 0.11	$ 0.33

Basic earnings (loss) per unit attributable to common unitholders	$	0.26	$	(0.03)	$	(0.02)	$	(0.08)	$	(0.01)
Diluted earnings (loss) per unit from continuing operations attributable to common unitholders	$	0.03	$	(0.17)	$	(0.16)	$	(0.19)	$	(0.34)
Diluted earnings per unit from discontinued operations attributable to common unitholders	$	0.23	$	0.14	$	0.14	$	0.11	$	0.33
Diluted earnings (loss) per unit attributable to common unitholders	$	0.26	$	(0.03)	$	(0.02)	$	(0.08)	$	(0.01)
Weighted-average basic units outstanding (1)		135,191		124,548		102,976		93,998		70,988
Weighted-average diluted units outstanding (1)		137,742		124,548		102,976		93,998		70,988
AMOUNTS ATTRIBUTABLE TO COMMON UNITHOLDERS:										
Income (loss) from continuing operations	$	4,392	$	(20,689)	$	(16,734)	$	(18,223)	$	(23,947)
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Net income (loss)	$	35,440	$	(4,191)	$	(1,616)	$	(7,393)	$	(937)

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Unsecured senior notes		500,000		250,000						
Revolving credit facility		38,600		45,000				43,000		
Unsecured term loans		400,000		500,000		400,000		200,000		
Secured term loan										200,000
Mortgage loans and notes payable		200,218		228,759		358,441		372,457		569,026
Total liabilities		1,229,142		1,112,420		830,925		668,266		814,146
Operating Partnership interests of third parties		36,275		47,990		49,732		45,145		45,394
Total CubeSmart L.P. Capital		1,092,276		989,791		955,913		724,216		695,309
Noncontrolling interests in subsidiaries		931		118		39,409		41,192		44,021
Total liabilities and capital		2,358,624		2,150,319		1,875,979		1,478,819		1,598,870
Other Data:										
Number of facilities		366		381		370		363		367
Total rentable square feet (in thousands)		24,662		25,485		24,420		23,635		23,749
Occupancy percentage		88.3%		84.4%		78.4%		76.3%		75.2%
Cash dividends declared per unit (2)	$	0.460	$	0.350	$	0.290	$	0.145	$	0.100

(1) Excludes Operating Partnership units issued at our IPO and in connection with the acquisition of facilities subsequent to our IPO. Operating Partnership units have been excluded from the earnings per share calculations as the related income or loss is presented in Operating Partnership interest of third parties.

(2) We announced full quarterly dividends of $0.025 per common share on February 25, 2009, May 26, 2009, August 5, 2009, December 10, 2009, February 24, 2010, June 2, 2010, and August 4, 2010; dividends of $0.070 per common share on December 14, 2010, February 23, 2011, June 1, 2011, and August 3, 2011; dividends of $0.080 and $0.393 per common and preferred shares, respectively, on December 8, 2011; dividends of $0.080 and $0.484 per common and preferred shares, respectively, on February 21, 2012, May 30, 2012 and August 1, 2012; dividends of $0.110 and $0.484 per common and preferred shares, respectively, on December 10, 2012, February 21, 2013, May 29, 2013, and August 7, 2013, and dividends of $0.130 and $0.484 per common and preferred shares, respectively, on December 19, 2013.

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ITEM 7. ***MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Report. Some of the statements we make in this section are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this Report entitled Forward-Looking Statements. Certain risk factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the following discussion. For a discussion of such risk factors, see the section in this Report entitled Risk Factors.

Overview

We are an integrated self-storage real estate company, and as such we have in-house capabilities in the operation, design, development, leasing, management and acquisition of self-storage facilities. The Parent Company s operations are conducted solely through the Operating Partnership and its subsidiaries. The Parent Company has elected to be taxed as a REIT for U.S. federal income tax purposes. As of December 31, 2013 and December 31, 2012, the Company owned 366 and 381 self-storage facilities, respectively, totaling approximately 24.7 million rentable square feet and 25.5 million rentable square feet, respectively. As of December 31, 2013, we owned facilities in the District of Columbia and the following 20 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Utah and Virginia. In addition, as of December 31, 2013, we managed 160 facilities for third parties bringing the total number of facilities we owned and/or managed to 526. As of December 31, 2013, we managed facilities for third parties in the following 23 states: Alabama, California, Colorado, Connecticut, Florida, Georgia, Illinois, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, and Virginia.

In addition, as of December 31, 2013, we owned an economic interest in one unconsolidated real estate venture that owned 35 self-storage facilities located in Texas (34) and North Carolina (1), containing an aggregate of approximately 2.4 million rentable square feet.

We derive revenues principally from rents received from customers who rent cubes at our self-storage facilities under month-to-month leases. Therefore, our operating results depend materially on our ability to retain our existing customers and lease our available self-storage cubes to new customers while maintaining and, where possible, increasing our pricing levels. In addition, our operating results depend on the ability of our customers to make required rental payments to us. Our approach to the management and operation of our facilities combines centralized marketing, revenue management and other operational support with local operations teams that provide market-level oversight and control. We believe this approach allows us to respond quickly and effectively to changes in local market conditions, and to maximize revenues by managing rental rates and occupancy levels.

We typically experiences seasonal fluctuations in the occupancy levels of our facilities, which are generally slightly higher during the summer months due to increased moving activity.

The United States continues to recover from an economic downturn that resulted in higher unemployment, stagnant employment growth, shrinking demand for products, large-scale business failures and tight credit markets. Our results of operations may be sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending, as well as to increased bad debts due to recessionary pressures. A continuation of or slow recovery from ongoing adverse economic conditions affecting disposable consumer income, such as employment levels, business conditions, interest rates, tax rates, fuel and energy costs, and other matters could reduce consumer spending or cause consumers to shift their spending to other products and services. A general reduction in the level of discretionary spending or shifts in consumer discretionary spending could adversely affect our growth and profitability.

We continue our focus on maximizing internal growth opportunities and selectively pursuing targeted acquisitions and developments of self-storage facilities.

We have one reportable segment: we own, operate, develop, manage and acquire self-storage facilities.

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Our self-storage facilities are located in major metropolitan and rural areas and have numerous customers per facility. No single customer represents a significant concentration of our revenues. Our facilities in New York, Florida, Texas, and California provided approximately 17%, 15%, 10% and 9%, respectively, of total revenues for the year ended December 31, 2013.

Summary of Critical Accounting Policies and Estimates

Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements included in this Report. Certain of the accounting policies used in the preparation of these consolidated financial statements are particularly important for an understanding of the financial position and results of operations presented in the historical consolidated financial statements included in this Report. A summary of significant accounting policies is also provided in the notes to our consolidated financial statements (See note 2 to the consolidated financial statements). These policies require the application of judgment and assumptions by management and, as a result, are subject to a degree of uncertainty. Due to this uncertainty, actual results could differ materially from estimates calculated and utilized by management.

Basis of Presentation

The accompanying consolidated financial statements include all of the accounts of the Company, and its majority-owned and/or controlled subsidiaries. The portion of these entities not owned by the Company is presented as noncontrolling interests as of and during the periods presented. All significant intercompany accounts and transactions have been eliminated in consolidation.

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine if the entity is deemed a variable interest entity (VIE), and if the Company is deemed to be the primary beneficiary, in accordance with authoritative guidance issued by the Financial Accounting Standards Board (FASB) on the consolidation of VIEs. When an entity is not deemed to be a VIE, the Company considers the provisions of additional FASB guidance to determine whether a general partner, or the general partners as a group, controls a limited partnership or similar entity when the limited partners have certain rights. The Company consolidates (i) entities that are VIEs and of which the Company is deemed to be the primary beneficiary and (ii) entities that are non-VIEs which the Company controls and in which the limited partners do not have substantive participating rights, or the ability to dissolve the entity or remove the Company without cause.

Self-Storage Facilities

The Company records self-storage facilities at cost less accumulated depreciation. Depreciation on the buildings and equipment is recorded on a straight-line basis over their estimated useful lives, which range from five to 39 years. Expenditures for significant renovations or improvements that extend the useful life of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

When facilities are acquired, the purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values. When a portfolio of facilities is acquired, the purchase price is allocated to the individual facilities based upon an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates, which take into account the relative size, age and location of the individual facility along with current and projected occupancy and rental rate levels or appraised values, if available. Allocations to the individual assets and liabilities are based upon comparable market sales information for land, buildings and improvements and estimates of depreciated replacement cost of equipment.

In allocating the purchase price for an acquisition, the Company determines whether the acquisition includes intangible assets or liabilities. The Company allocates a portion of the purchase price to an intangible asset attributed to the value of in-place leases. This intangible is generally amortized to expense over the expected remaining term of the respective leases. Substantially all of the leases in place at acquired facilities are at market rates, as the majority of the leases are month-to-month contracts. Accordingly, to date no portion of the purchase price has been allocated to above- or below-market lease intangibles. To date, no intangible asset has been recorded for the value of customer relationships, because the Company does not have any concentrations of significant customers and the average customer turnover is fairly frequent.

Long-lived assets classified as held for use are reviewed for impairment when events and circumstances such as declines in occupancy and operating results indicate that there may be impairment. The carrying value of these long-lived assets is compared to the undiscounted future net operating cash flows, plus a terminal value, attributable to the assets to determine if the facility s basis is recoverable. If a facility s basis is not considered recoverable, an impairment loss is recorded to the extent the net carrying value of the asset exceeds the fair value. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset.

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The Company considers long-lived assets to be held for sale upon satisfaction of the following criteria: (a) management commits to a plan to sell a facility (or group of facilities), (b) the facility is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such facilities, (c) an active program to locate a buyer and other actions required to complete the plan to sell the facility have been initiated, (d) the sale of the facility is probable and transfer of the asset is expected to be completed within one year, (e) the facility is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (f) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Typically these criteria are all met when the relevant asset is under contract, significant non-refundable deposits have been made by the potential buyer, the assets are immediately available for transfer and there are no contingencies related to the sale that may prevent the transaction from closing. However, each potential transaction is evaluated based on its separate facts and circumstances. Facilities classified as held for sale are reported at the lesser of carrying value or fair value less estimated costs to sell.

Revenue Recognition

Management has determined that all our leases with customers are operating leases. Rental income is recognized in accordance with the terms of the lease agreements or contracts, which generally are month-to-month.

The Company recognizes gains from disposition of facilities only upon closing in accordance with the guidance on sales of real estate. Payments received from purchasers prior to closing are recorded as deposits. Profit on real estate sold is recognized using the full accrual method upon closing when the collectability of the sales price is reasonably assured and the Company is not obligated to perform significant activities after the sale. Profit may be deferred in whole or part until the sale meets the requirements of profit recognition on sales under this guidance.

Share Based Payments

We apply the fair value method of accounting for contingently issued shares and share options issued under our equity incentive plans. Accordingly, share compensation expense was recorded ratably over the vesting period relating to such contingently issued shares and options. The Company has elected to recognize compensation expense on a straight-line method over the requisite service period.

Noncontrolling Interests

Noncontrolling interests are the portion of equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. The ownership interests in the subsidiary that are held by owners other than the parent are noncontrolling interests. In accordance with authoritative guidance issued on noncontrolling interests in consolidated financial statements, such noncontrolling interests are reported on the consolidated balance sheets within equity/capital, separately from the Parent Company s equity/capital. The guidance also requires that noncontrolling interests are adjusted each period so that the carrying value equals the greater of its carrying value based on the accumulation of historical cost or its redemption value. On the consolidated statements of operations, revenues, expenses and net income or loss from less-than-wholly-owned subsidiaries are reported at the consolidated amounts, including both the amounts attributable to the Parent Company and noncontrolling interests. Presentation of consolidated equity/capital activity is included for both quarterly and annual financial statements, including beginning balances, activity for the period and ending balances for shareholders equity/capital, noncontrolling interests and total equity/capital.

Investments in Unconsolidated Real Estate Ventures

The Company accounts for its investments in unconsolidated real estate ventures under the equity method of accounting. Under the equity method, investments in unconsolidated joint ventures are recorded initially at cost, as investments in real estate entities, and subsequently adjusted for equity in earnings (losses), cash contributions, less distributions and impairments. On a periodic basis, management also assesses whether there are any indicators that the fair value of the Company s investments in unconsolidated real estate entities may be other than temporarily impaired. An investment is impaired only if the fair value of the investment, as estimated by management, is less than the carrying value of the investment and the decline is other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment, as estimated by management. The determination as to whether impairment exists requires significant management judgment about the fair value of its ownership interest. Fair value is determined through various valuation techniques, including but not limited to, discounted cash flow models, quoted market values and third party appraisals.

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Income Taxes

The Parent Company elected to be taxed as a real estate investment trust under Sections 856-860 of the Internal Revenue Code beginning with the period from October 21, 2004 (commencement of operations) through December 31, 2004. In management s opinion, the requirements to maintain these elections are being met. Accordingly, no provision for federal income taxes has been reflected in the consolidated financial statements other than for operations conducted through our taxable REIT subsidiaries.

Earnings and profits, which determine the taxability of distributions to shareholders, differ from net income reported for financial reporting purposes due to differences in cost basis, the estimated useful lives used to compute depreciation, and the allocation of net income and loss for financial versus tax reporting purposes.

The Parent Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the annual amount, if any, by which the sum of (a) 85% of the Parent Company s ordinary income, (b) 95% of the Parent Company s net capital gains, and c) 100% of prior year taxable income exceeds cash distributions and certain taxes paid by the Parent Company.

Recent Accounting Pronouncements

In February 2013, the FASB issued an amendment to the accounting standard for the reporting of amounts reclassified out of accumulated other comprehensive income (AOCI). The amendment requires entities to disclose for items reclassified out of AOCI and into net income in their entirety, the effect of the reclassification on each affected income statement line item and for AOCI items that are not reclassified in their entirety into net income, a cross reference to other required GAAP disclosures. This amendment became effective for fiscal years and interim periods beginning after December 15, 2012. The adoption of this guidance in 2013 did not have a material impact on the Company s consolidated financial position or results of operations as its impact was limited to disclosure requirements (see note 9).

Results of Operations

The following discussion of our results of operations should be read in conjunction with the consolidated financial statements and the accompanying notes thereto. Historical results set forth in the consolidated statements of operations reflect only the existing facilities and should not be taken as indicative of future operations. We consider our same-store portfolio to consist of only those facilities owned and operated on a stabilized basis at the beginning and at the end of the applicable years presented. We consider a facility to be stabilized once it has achieved an occupancy rate that we believe, based on our assessment of market-specific data, is representative of similar self-storage assets in the applicable market for a full year measured as of the most recent January 1 and has not been significantly damaged by natural disaster or undergone significant renovation. We believe that same-store results are useful to investors in evaluating our performance because they provide information relating to changes in facility-level operating performance without taking into account the effects of acquisitions, developments or dispositions. At December 31, 2013, we owned 298 same-store facilities and 68 non same-store facilities, of which 37 were 2012 acquisitions, 20 were 2013 acquisitions and 11 were facilities that were not stabilized, either because the facilities had not achieved the requisite occupancy rates or had been damaged by natural disaster or had undergone significant renovation. For analytical presentation, all percentages are calculated using the numbers presented in the financial statements contained in this Report.

Our results of operations are affected by acquisition and disposition activity during the 2013, 2012, and 2011 periods as described below. At December 31, 2013, 2012, and 2011, we owned 366, 381, and 370 self-storage facilities and related assets, respectively.

- In 2013, we acquired 20 self-storage facilities for approximately $189.8 million (the 2013 Acquisitions) and we sold 35 self-storage facilities for approximately $126.4 million (the 2013 Dispositions).

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- In 2012, we acquired 37 self-storage facilities for approximately $432.3 million (the 2012 Acquisitions) and we sold 26 self-storage facilities for approximately $60.0 million (the 2012 Dispositions).

- In 2011, we acquired 27 self-storage facilities for approximately $467.1 million (the 2011 Acquisitions) and we sold 19 self-storage facilities for approximately $45.2 million (the 2011 Dispositions).

Comparison of the Year Ended December 31, 2013 to the Year Ended December 31, 2012 (dollars in thousands)

	Same-Store Property Portfolio				Non Same-Store Properties		Other/ Eliminations		Total Portfolio			
	2013	**2012**	**Increase/ (Decrease)**	**% Change**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**Increase/ (Decrease)**	**% Change**
REVENUES:												
Rental income	$ 221,015	$ 207,416	$ 13,599	7%	$ 60,235	$ 28,744	$	$	$ 281,250	$ 236,160	$ 45,090	19%
Other property related income	23,780	20,575	3,205	16%	5,993	3,274	2,592	1,972	32,365	25,821	6,544	25%
Property management fee income							4,780	4,341	4,780	4,341	439	10%
Total revenues	244,795	227,991	16,804	7%	66,228	32,018	7,372	6,313	318,395	266,322	52,073	20%
OPERATING EXPENSES:												
Property operating expenses	80,903	78,045	2,858	4%	23,015	11,599	14,304	13,844	118,222	103,488	14,734	14%
NET OPERATING INCOME:	163,892	149,946	13,946	9%	43,213	20,419	(6,932)	(7,531)	200,173	162,834	37,339	23%
Property count	298	298			68	48			366	346		
Total square footage	19,801	19,801			4,861	3,365			24,662	23,166		
Period End Occupancy (1)	88.9%	85.1%			85.6%	82.4%			88.3%	84.7%		
Period Average Occupancy (2)	88.4%	83.1%										
Realized annual rent per occupied sq ft (3)	$ 12.62	$ 12.61										
Depreciation and amortization									112,313	109,830	2,483	2%
General and administrative									29,563	26,131	3,432	13%
Subtotal									141,876	135,961	5,915	4%
Operating income									58,297	26,873	31,424	117%
Other (expense) income:												
Interest:												
Interest expense on loans									(40,424)	(40,318)	106	0%
Loan procurement amortization expense									(2,058)	(3,279)	1,221	37%
Loan procurement amortization expense - early repayment of debt									(414)		(414)	-100%
Acquisition related costs									(3,849)	(3,086)	(763)	-25%
Equity in losses of real estate ventures									(1,151)	(745)	(406)	-54%

Gain from remeasurement of investment in real estate venture		7,023	(7,023)	-100%
Other	8	256	(248)	-97%
Total other expense	(47,888)	(40,149)	7,739)	-19%
INCOME (LOSS) FROM CONTINUING OPERATIONS	10,409	(13,276)	23,685	178%
DISCONTINUED OPERATIONS				
Income from discontinued operations	4,145	7,093	(2,948)	-42%
Gain from disposition of discontinued operations	27,440	9,811	17,629	180%
Total discontinued operations	31,585	16,904	14,681	87%
NET INCOME	41,994	3,628	38,366	1057%
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS				
Noncontrolling interests in the Operating Partnership	(588)	107	(695)	-650%
Noncontrolling interests in subsidiaries	42	(1,918)	1,960	102%
NET INCOME ATTRIBUTABLE TO THE COMPANY	$ 41,448	$ 1,817	$ 39,631	2181%
Distribution to preferred shareholders	(6,008)	(6,008)		0%
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY S COMMON SHAREHOLDERS	$ 35,440	$ (4,191)	$ 39,631	-946%

(1) Represents occupancy at December 31 of the respective year.

(2) Represents the weighted average occupancy for the period.

(3) Realized annual rent per occupied square foot is computed by dividing rental income by the weighted average occupied square feet for the period.

Revenues

Rental income increased from $236.2 million in 2012 to $281.3 million in 2013, an increase of $45.1 million, or 19%. This increase is primarily attributable to $31.5 million of additional income from the facilities acquired in 2012 and 2013 and an increase in average occupancy on the same-store portfolio which contributed to the $13.6 million increase in rental income during 2013 as compared to 2012.

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Other property related income consists of late fees, administrative charges, tenant insurance commissions, sales of storage supplies and other ancillary revenues. Other property related income increased from $25.8 million in 2012 to $32.4 million in 2013, an increase of $6.6 million, or 25%. This increase is primarily attributable to increased fee revenue and insurance commissions of $6.5 million during the year ended December 31, 2013 as compared to the year ended December 31, 2012, driven by a $3.2 million increase in same-store property related income mainly attributable to increased insurance penetration and higher commission percentages. Additionally, the 2012 and 2013 acquisitions contributed $2.7 million to the increase in other property related income.

Property management fee income increased to $4.8 million in 2013 from $4.3 million during 2012, an increase of $0.5 million, or 10%. This increase is attributable to an increase in management fees related to the third-party management business (160 facilities as of December 31, 2013 compared to 133 facilities as of December 31, 2012).

Operating Expenses

Property operating expenses increased from $103.5 million in 2012 to $118.2 million in 2013, an increase of $14.7 million, or 14%. This increase is primarily attributable to $11.4 million of increased expenses associated with newly acquired facilities in 2013 and 2012. Additionally, property operating expenses on the same-store portfolio increased $2.9 million primarily due to an increase of $1.9 million in property taxes and $1.1 million in payroll related expenses.

General and administrative

General and administrative expenses increased from $26.1 million for the year ending December 31, 2012 to $29.6 million for the year ending December 31, 2013, an increase of $3.5 million, or 13%. The increase in primarily attributable to $1.5 million in additional share based compensation expense and $1.1 million in additional payroll expenses.

Other (expense) income

Interest expense increased from $40.3 million during the year ended December 31, 2012 to $40.4 million during the year ended December 31, 2013, an increase of $0.1 million. The increase is attributable to a lower weighted average interest rate, offset by a higher amount of outstanding debt in 2013. The weighted average effective interest rate of our outstanding debt decreased from 4.31% for the year ended December 31, 2012 to 3.93% for the year ended December 31, 2013 as a result of the repayment of certain secured indebtedness and amendments to our Term Loan Facility and Credit Facility that reduced our borrowing costs.

Loan procurement amortization expense decreased from $3.3 million during 2012 to $2.1 million during 2013, a decrease of $1.2 million, or 37%. This decrease is the result of lower amortization expense on loan procurement costs related to several fixed-rate mortgages that were repaid during 2012 and 2013.

Loan procurement amortization expense early repayment of debt was $0.4 million for the year ended December 31, 2013 due to the write-off of unamortized deferred financing costs associated with $100 million of our Term Loan Facility. There was no corresponding transaction during the year ended December 31, 2012.

Gain from remeasurement of investment in real estate venture was $7.0 million for the year ended December 31, 2012, with no comparable gains during 2013. In 2012, the Company purchased the remaining 50% ownership in a consolidated joint venture. As a result of the transaction, the Company remeasured its original 50% interest and recorded a gain of approximately $7.0 million, which is reflected in Gain from remeasurement of investment in real estate venture.

Discontinued Operations

Income from discontinued operations decreased from $7.1 million for the year ended December 31, 2012 to $4.1 million for the year ended December 31, 2013. The income during the 2013 period represents the results of operations during the year for the 35 assets sold during 2013 for the period the assets were owned by the Company. Income during the 2012 period represents the results of operations during the year for the 35 assets sold during 2013 and the 26 assets sold during 2012 for the period the assets were owned by the Company. Gains from disposition of discontinued operations increased from $9.8 million during 2012 to $27.4 million during 2013. These gains are determined on a transactional basis and accordingly are not comparable across reporting periods.

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Comparison of the Year Ended December 31, 2012 to the Year Ended December 31, 2011 (dollars in thousands)

	Same-Store Property Portfolio				Non Same-Store Properties		Other/ Eliminations		Total Portfolio			
	2012	2011	Increase/ (Decrease)	% Change	2012	2011	2012	2011	2012	2011	Increase/ (Decrease)	% Change
REVENUES:												
Rental income	$ 182,172	$ 177,109	$ 5,063	3%	$ 53,988	$ 11,140	$	$	$ 236,160	$ 188,249	$ 47,911	25%
Other property related income	18,427	16,127	2,300	14%	5,421	1,270	1,972	1,590	25,820	18,987	6,833	36%
Property management fee income							4,341	3,768	4,341	3,768	573	15%
Total revenues	200,599	193,236	7,363	4%	59,409	12,410	6,313	5,358	266,321	211,004	55,317	26%
OPERATING EXPENSES:												
Property operating expenses	70,369	70,684	(315)	0%	19,275	4,864	13,843	12,022	103,487	87,570	15,917	18%
NET OPERATING INCOME:	130,230	122,552	7,678	6%	40,134	7,546	(7,530)	(6,664)	162,834	123,434	39,400	32%
Property count	279	279			67	30			346	309		
Total square footage	18,475	18,475			4,708	2,061			23,183	20,537		
Period End Occupancy (1)	84.9%	79.4%			83.6%	77.6%			84.6%	79.3%		
Period Average Occupancy (2)	82.9%	79.6%										
Realized annual rent per occupied sq ft (3)	$ 11.89	$ 12.05										
Depreciation and amortization									109,830	61,972	47,858	77%
General and administrative									26,131	24,693	1,438	6%
Subtotal									135,961	86,665	49,296	57%
Operating income									26,873	36,769	(9,896)	-27%
Other (expense) income:												
Interest:												
Interest expense on loans									(40,318)	(32,787)	(7,531)	-23%
Loan procurement amortization expense									(3,279)	(5,028)	1,749	35%
Loan procurement amortization expense - early repayment of debt										(8,167)	8,167	100%
Acquisition related costs									(3,086)	(3,823)	737	19%
Equity in losses of real estate ventures									(745)	(281)	(464)	-165%
Gain from remeasurement of investment in real estate venture									7,023		7,023	100%
Other									256	(83)	339	408%
Total other expense									(40,149)	(50,169)	10,020	20%
LOSS FROM CONTINUING OPERATIONS									(13,276)	(13,400)	124	1%
DISCONTINUED OPERATIONS												
Income from discontinued operations									7,093	11,944	(4,851)	-41%
									9,811	3,903	5,908	151%

Gain from disposition of discontinued operations				
Total discontinued operations	16,904	15,847	1,057	7%
NET INCOME	3,628	2,447	1,181	48%
NET LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTERESTS				
Noncontrolling interests in the Operating Partnership	107	(35)	142	406%
Noncontrolling interests in subsidiaries	(1,918)	(2,810)	892	32%
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	$ 1,817	$ (398)	$ 2,215	557%
Distribution to preferred shareholders	(6,008)	(1,218)	(4,790)	-393%
NET LOSS ATTRIBUTABLE TO THE COMPANY S COMMON SHAREHOLDERS	$ (4,191)	$ (1,616)	$ (2,575)	-159%

(1) Represents occupancy at December 31 of the respective year.

(2) Represents the weighted average occupancy for the period.

(3) Realized annual rent per occupied square foot is computed by dividing rental income by the weighted average occupied square feet for the period.

Revenues

Rental income increased from $188.2 million in 2011 to $236.2 million in 2012, an increase of $48.0 million, or 25%. This increase is primarily attributable to $42.9 million of additional income from the facilities acquired in 2011 and 2012 and a $5.1 million in the same-store portfolio. The increase in the same-store portfolio is primarily related to increased occupancy levels offset by lower asking rents.

Other property related income increased from $19.0 million in 2011 to $25.8 million in 2012, an increase of $6.8 million, or 36%. This increase is primarily attributable to increased fee revenue and insurance commissions of $4.2 million on the facilities acquired in 2011 and 2012 and a $2.3 million increase in fee revenue and insurance commissions as a result of higher occupancy on the same-store portfolio.

Property management fee income increased to $4.3 million in 2012 from $3.8 million during 2011, an increase of $0.5 million, or 15%. This increase is attributable to an increase in management fees related to the third party management business (133 facilities as of December 31, 2012 compared to 103 facilities as of December 31, 2011).

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Operating Expenses

Property operating expenses increased from $87.6 million in 2011 to $103.5 million in 2012, an increase of $15.9 million, or 18%. This increase is primarily attributable to $14.4 million of increased expenses associated with newly acquired facilities and $1.8 million of increased costs to manage the total portfolio.

Depreciation and amortization increased from $62.0 million in 2011 to $109.8 million in 2012, an increase of $47.9 million, or 77%. This increase is primarily attributable to depreciation and amortization expense related to the 2011 and 2012 acquisitions, including an increase in amortization of lease intangibles of $25.2 million recognized during the 2012 period.

Other (expense) income

Interest expense increased from $32.8 million in 2011 to $40.3 million in 2012, an increase of $7.5 million, or 23%. The increase is attributable to higher average outstanding debt during 2012 primarily resulting from debt associated with the Storage Deluxe acquisition and other 2012 acquisitions. This increase was offset by lower interest expense related to the repayment of several fixed-rate mortgages during the year. These repayments utilized proceeds from the unsecured senior note offering in 2012 and had higher effective rates than the effective interest rate of the senior notes.

Loan procurement amortization expense was $3.3 million for the year ended December 31, 2012, compared to $13.2 million for the year ended December 31, 2011. This decrease is related to the write-off of unamortized loan procurement costs associated with our prior facility which was replaced in its entirety in December of 2011.

Gain from remeasurement of investment in real estate venture was $7.0 million for the year ended December 31, 2012, with no comparable gains during the 2011 period. This gain is related to the interest remeasurement from the purchase of the remaining 50% ownership in a consolidated joint venture during 2012.

Discontinued Operations

Gains from disposition of discontinued operations increased from $3.9 million in the 2011 period to $9.8 million in the 2012 period, an increase of $5.9 million, or 151%. Gains during 2011 related to the sale of 19 assets, while gains during 2012 related to the sale of 26 assets.

Non-GAAP Financial Measures

NOI

We define net operating income, which we refer to as NOI, as total continuing revenues less continuing property operating expenses. NOI also can be calculated by adding back to net income (loss): interest expense on loans, loan procurement amortization expense, loan procurement amortization expense early repayment of debt, acquisition related costs, equity in losses of real estate ventures, amounts attributable to noncontrolling interests, other expense, depreciation and amortization expense, general and administrative expense, and deducting from net income: income from discontinued operations, gains on disposition of discontinued operations, other income, gains from remeasurement of investments in real estate venture and interest income. NOI is not a measure of performance calculated in accordance with GAAP.

We use NOI as a measure of operating performance at each of our facilities, and for all of our facilities in the aggregate. NOI should not be considered as a substitute for operating income, net income, cash flows provided by operating, investing and financing activities, or other income statement or cash flow statement data prepared in accordance with GAAP.

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We believe NOI is useful to investors in evaluating our operating performance because:

- It is one of the primary measures used by our management and our facility managers to evaluate the economic productivity of our facilities, including our ability to lease our facilities, increase pricing and occupancy and control our property operating expenses;

- It is widely used in the real estate industry and the self-storage industry to measure the performance and value of real estate assets without regard to various items included in net income that do not relate to or are not indicative of operating performance, such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets; and

- We believe it helps our investors to meaningfully compare the results of our operating performance from period to period by removing the impact of our capital structure (primarily interest expense on our outstanding indebtedness) and depreciation of our basis in our assets from our operating results.

There are material limitations to using a measure such as NOI, including the difficulty associated with comparing results among more than one company and the inability to analyze certain significant items, including depreciation and interest expense, that directly affect our net income. We compensate for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with our analysis of net income. NOI should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as total revenues, operating income and net income.

FFO

Funds from operations (FFO) is a widely used performance measure for real estate companies and is provided here as a supplemental measure of operating performance. The April 2002 National Policy Bulletin of the National Association of Real Estate Investment Trusts (the White Paper), as amended, defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of real estate and related impairment charges, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

Management uses FFO as a key performance indicator in evaluating the operations of our facilities. Given the nature of our business as a real estate owner and operator, we consider FFO a key measure of our operating performance that is not specifically defined by accounting principles generally accepted in the United States. We believe that FFO is useful to management and investors as a starting point in measuring our operational performance because FFO excludes various items included in net income that do not relate to or are not indicative of our operating performance such as gains (or losses) from sales of real estate, gains on remeasurement of investments in real estate ventures, impairments of depreciable assets, and depreciation, which can make periodic and peer analyses of operating performance more difficult. Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies.

FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance. FFO does not represent cash generated from operating activities determined in accordance with GAAP and is not a measure of liquidity or an indicator of our ability to make cash distributions. We believe that to further understand our performance, FFO should be compared with our reported net income and considered in addition to cash flows computed in accordance with GAAP, as presented in our Consolidated Financial Statements.

FFO, as adjusted

FFO, as adjusted represents FFO as defined above, excluding the effects of acquisition related costs, gains or losses from early extinguishment of debt, and non-recurring items, which we believe are not indicative of the Company s operating results. We present FFO, as adjusted because we believe it is a helpful measure in understanding our results of operations insofar as we believe that the items noted above that are included in FFO, but excluded from FFO, as adjusted are not indicative of our ongoing operating results. We also believe that the analyst community considers our FFO, as adjusted (or similar measures using different terminology) when evaluating us. Because other REITs or real estate companies may not compute FFO, as adjusted in the same manner as we do, and may use different terminology, our computation of FFO, as adjusted may not be comparable to FFO, as adjusted reported by other REITs or real estate companies.

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The following table presents a reconciliation of net income (loss) to FFO and FFO, as adjusted, for the years ended December 31, 2013 and 2012 (in thousands):

	For the Year Ended December 31, 2013	2012
Net income (loss) attributable to the Company s common shareholders	$ 35,440	$ (4,191)
Add (deduct):		
Real estate depreciation and amortization:		
Real property - continuing operations	110,157	108,405
Real property - discontinued operations	2,703	5,548
Company s share of unconsolidated real estate ventures	1,080	1,540
Noncontrolling interest s share of consolidated real estate ventures		(1,049)
Gains from sale of real estate	(27,440)	(9,811)
Gain from remeasurement of investment in real estate venture		(7,023)
Noncontrolling interests in the Operating Partnership	588	(107)
FFO	$ 122,528	$ 93,312
Add:		
Loan procurement amortization expense - early repayment of debt	414	
Acquisition related costs (1)	4,170	3,086
FFO, as adjusted	$ 127,112	$ 96,398
Weighted-average diluted shares and units outstanding	140,051	131,021

(1) Acquisition related costs for the year ended December 31, 2013 include $0.3 million of acquisition related costs that are included in the Company s share of equity in losses of real estate ventures.

Cash Flows

Comparison of the Year Ended December 31, 2013 to the Year Ended December 31, 2012

A comparison of cash flow related to operating, investing and financing activities for the years ended December 31, 2013 and 2012 is as follows:

Net cash provided by (used in):	Year Ended December 31, 2013	2012	Change
	(in thousands)		

Operating activities	$	142,862	$	118,428	$	24,434
Investing activities	$	(282,924)	$	(271,936)	$	(10,988)
Financing activities	$	138,743	$	148,934	$	(10,191)

Cash provided by operating activities for the years ended December 31, 2013 and 2012 were $142.9 million and $118.4 million, respectively, an increase of $24.5 million. Our increased cash flow from operating activities is primarily attributable to our 2012 and 2013 acquisitions and increased net operating income levels on the same-store portfolio in the 2013 period as compared to the 2012 period.

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Cash used in investing activities was $282.9 million in 2013 and $271.9 million in 2012. Cash used in 2013 relates to the acquisition of 20 facilities in 2013 for an aggregate purchase price of $189.8 million, net of $8.9 million of assumed debt. Cash used to fund these 2013 acquisitions was offset by $123.8 million in net cash proceeds from the disposition of 35 facilities during the year. Cash used in investing activities in 2013 also reflects our $157.5 million investment in the HHF joint venture, with no similar transaction in 2012. Cash used in investing activities in 2012 relates to our acquisition of 28 facilities in 2012 for an aggregate purchase price of $330.3 million, net of $107.0 million of assumed debt and to our acquisition of nine facilities through our purchase of the equity interest of our partner in the HSREV real estate venture. Cash used to fund these acquisitions was offset by $52.6 million in net cash proceeds from our disposition of 26 facilities during the year. This decrease in net investment activity from 2012 to 2013 was offset by cash used for development activities of $54.0 million in 2013, compared to $4.2 million used for development activities in 2012.

Cash provided by financing activities decreased to $138.7 million in 2013 from $148.9 million in 2012, a decrease of $10.2 million. Proceeds from the revolving portion of the Credit Facility and unsecured term loans were $636.2 million in 2013 compared to $503.0 million during 2012. This increase in cash proceeds was offset by principal payments on the revolving portion of the Credit Facility, unsecured term loans and mortgages that totaled $779.1 million in 2013 compared to $594.3 million in 2012, (with the 2013 payments including a $100 million repayment of a term loan scheduled to mature in 2014. We also received proceeds of $247.5 million and $249.6 million from our issuance of unsecured senior notes in 2013 and 2012, respectively.

Comparison of the Year Ended December 31, 2012 to the Year Ended December 31, 2011

A comparison of cash flow related to operating, investing and financing activities for the years ended December 31, 2012 and 2011 is as follows:

	Year Ended December 31,		
Net cash provided by (used in):	**2012**	**2011**	**Change**
	(in thousands)		
Operating activities	$ 118,428	$ 84,327	$ 34,101
Investing activities	$ (271,936)	$ (442,100)	$ 170,164
Financing activities	$ 148,934	$ 360,951	$ (212,017)

Cash provided by operating activities for the years ended December 31, 2012 and 2011 were $118.4 million and $84.3 million, respectively, an increase of $34.1 million. Our increased cash flow from operating activities is primarily attributable to our 2011 and 2012 acquisitions and increased net operating income levels on the same-store portfolio in the 2012 period as compared to the 2011 period.

Cash used in investing activities was $271.9 million in 2012 and $442.1 million in 2011. Cash used in 2012 relates to the acquisition of 28 facilities purchased during the year with a purchase price totaling $330.3 million, net of $107.0 million of assumed debt and nine facilities purchased related to the acquisition of the remaining interest in the HSREV real estate venture during 2012. Cash used to fund these acquisitions was offset by $52.6 million in net cash proceeds from the disposition of 26 facilities during the year. Cash used in 2011 relates to the acquisition of 27 facilities purchased during the year with a purchase price totaling $467.1 million (which includes 16 Storage Deluxe facilities acquired for $357.3 million).

Cash provided by financing activities decreased to $148.9 million in 2012 from $361.0 million in 2011, a decrease of $212.0 million. During 2012 and 2011, we issued common shares for net proceeds of $102.1 million and $204.0 million, respectively. Additionally, proceeds from the revolving portion of our Credit Facility and unsecured term loans were $503.0 million in 2012 compared to $656.7 million during 2011, and principal payments on the revolving portion of our Credit Facility, unsecured term loans and mortgages totaled $594.3 million during 2012 compared to $539.0 million during 2011. These decreases were offset by proceeds received during 2012 relating to the issuance of unsecured senior notes of $249.6 million.

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Liquidity and Capital Resources

Liquidity Overview

Our cash flow from operations has historically been one of our primary sources of liquidity to fund debt service, distributions and capital expenditures. We derive substantially all of our revenue from customers who lease space from us at our facilities and fees earned from managing facilities. Therefore, our ability to generate cash from operations is dependent on the rents that we are able to charge and collect from our customers. We believe that the facilities in which we invest; self-storage facilities, are less sensitive than other real estate product types to near-term economic downturns. However, prolonged economic downturns will adversely affect our cash flows from operations.

In order to qualify as a REIT for federal income tax purposes, the Parent Company is required to distribute at least 90% of REIT taxable income, excluding capital gains, to our shareholders on an annual basis or pay federal income tax. The nature of our business, coupled with the requirement that the Parent Company distribute a substantial portion of our income on an annual basis, will cause us to have substantial liquidity needs over both the short term and the long term.

Our short-term liquidity needs consist primarily of funds necessary to pay operating expenses associated with our facilities, refinancing of certain mortgage indebtedness, interest expense and scheduled principal payments on debt, expected distributions to limited partners and shareholders, capital expenditures and the development of new facilities. These funding requirements will vary from year to year, in some cases significantly. In the 2014 fiscal year, we expect capital expenditures to be approximately $7 million to $11 million and costs associated with the development of new facilities to be approximately $37 million to $41 million. Our currently scheduled principal payments on debt, including borrowings outstanding on the Credit Facility and Term Loan Facility, are approximately $5.2 million in 2014.

Our most restrictive financial covenants limit the amount of additional leverage we can add; however, we believe cash flow from operations, access to equity financing, including through our at the market equity program, and available borrowings under our Credit Facility are adequate to allow for the execution of our current business plan in compliance with our covenants.

Our liquidity needs beyond 2014 consist primarily of contractual obligations which include repayments of indebtedness at maturity, as well as potential discretionary expenditures such as (i) non-recurring capital expenditures; (ii) redevelopment of operating facilities; (iii) acquisitions of additional facilities; and (iv) development of new facilities. We will have to satisfy the portion of our needs not covered by cash flow from operations through additional borrowings, including borrowings under our Credit Facility, sales of common or preferred shares of the Parent Company and common or preferred units of the Operating Partnership and/or cash generated through facility dispositions and joint venture transactions.

We believe that, as a publicly traded REIT, we will have access to multiple sources of capital to fund long-term liquidity requirements, including the incurrence of additional debt and the issuance of additional equity. However, we cannot provide any assurance that this will be the case. Our ability to incur additional debt will be dependent on a number of factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. In addition, dislocation in the United States debt markets may significantly reduce the availability and increase the cost of long-term debt capital, including conventional mortgage financing and commercial mortgage-backed securities financing. There can be no assurance that such capital will be readily available in the future. Our ability to access the equity capital markets will be dependent on a number of factors as well, including general market conditions for REITs and market perceptions about us.

As of December 31, 2013, we had approximately $3.2 million in available cash and cash equivalents. In addition, we had approximately $261.2 million of availability for borrowings under our Credit Facility.

Unsecured Senior Notes

On December 17, 2013, the Operating Partnership issued $250 million in aggregate principal amount of unsecured senior notes due December 15, 2023 (the 2023 Senior Notes) which bear interest at a rate of 4.375%. On June 26, 2012, the Operating Partnership issued $250 million in aggregate principal amount of unsecured senior notes due July 15, 2022 (the 2022 Senior Notes) which bear interest at a rate of 4.80%. The 2023 Senior Notes along with the 2022 Senior Notes are collectively referred to as the Senior Notes. The indenture under which the unsecured Senior Notes were issued restricts the ability of the Operating Partnership and its subsidiaries to incur debt unless the Operating Partnership and its consolidated subsidiaries comply with a leverage ratio not to exceed 60% and an interest coverage ratio of more than 1.5:1 after giving effect to the incurrence of the debt. The indenture also restricts the ability of the Operating Partnership and its subsidiaries to incur secured debt unless the Operating Partnership and its consolidated subsidiaries comply with a secured debt leverage ratio not to exceed 40% after giving effect to the incurrence of the debt. The indenture also contains other financial and customary covenants, including a covenant not to own unencumbered assets with a value less than 150% of the unsecured indebtedness of the Operating Partnership and its consolidated subsidiaries. The Operating Partnership is currently in compliance with all of the financial covenants under the Senior Notes.

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Bank Credit Facilities

On June 20, 2011, we entered into an unsecured term loan agreement (the Term Loan Facility) which consisted of a $100 million term loan with a five-year maturity (Term Loan A) and a $100 million term loan with a seven-year maturity (Term Loan B). We incurred costs of $2.1 million in connection with executing the agreement and capitalized such costs as a component of loan procurement costs, net of amortization on the consolidated balance sheet.

On December 9, 2011, we entered into a credit facility (the Credit Facility) comprised of a $100 million unsecured term loan maturing in December 2014 (Term Loan C); a $200 million unsecured term loan maturing in March 2017 (Term Loan D); and a $300 million unsecured revolving facility maturing in December 2015 (Revolver). We incurred costs of $3.4 million in connection with executing the agreement and capitalized such costs as a component of loan procurement costs, net of amortization on the consolidated balance sheet.

On June 18, 2013, we amended both the Term Loan Facility and Credit Facility. With respect to the Term Loan Facility, among other things, the amendment extended the maturity and decreased the pricing of Term Loan A, while Term Loan B remained unchanged by the amendment. Pricing on the Term Loan Facility depends on our unsecured debt credit ratings. At our current Baa3/BBB- level, amounts drawn under Term Loan A are priced at 1.50% over LIBOR, with no LIBOR floor, while amounts drawn under Term Loan B are priced at 2.00% over LIBOR, with no LIBOR floor.

		Term Loan Facility Prior to Amendment		**Term Loan Facility As Amended**	
	Amount	**Maturity Date**	**LIBOR Spread**	**Maturity Date**	**LIBOR Spread**
Term Loan A	$100 million	June 2016	1.85%	June 2018	1.50%
Term Loan B	$100 million	June 2018	2.00%	June 2018	2.00%

With respect to the Credit Facility, among other things, the amendment extended the maturities of the Revolver and Term Loan D and decreased the pricing of the Revolver, Term Loan C and Term Loan D. Pricing on the Credit Facility depends on our unsecured debt credit ratings. At our current Baa3/BBB- level, amounts drawn under the Revolver are priced at 1.60% over LIBOR, inclusive of a facility fee of 0.30%, with no LIBOR floor, while amounts drawn under Term Loan C and Term Loan D are priced at 1.50% over LIBOR, with no LIBOR floor.

		Credit Facility Prior to Amendment		**Credit Facility As Amended**	
	Amount	**Maturity Date**	**LIBOR Spread**	**Maturity Date**	**LIBOR Spread**
Revolver	$300 million	December 2015	1.80%	June 2017	1.60%
Term Loan C (1)	$100 million	December 2014	1.75%	December 2014	1.50%
Term Loan D	$200 million	March 2017	1.75%	January 2019	1.50%

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(1) On December 17, 2013, the Company repaid the $100 million balance under Term Loan C that was scheduled to mature in December 2014.

We incurred costs of $2.1 million in connection with amending the agreements and capitalized such costs as a component of loan procurement costs, net of amortization on the consolidated balance sheet. Unamortized costs, along with costs incurred in connection with the amendments, are amortized as an adjustment to interest expense over the remaining term of the modified facilities. In connection with the repayment of Term Loan C, we recognized loan procurement amortization expense early repayment of debt of $0.4 million related to the write-off of unamortized loan procurement costs associated with the term loan.

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As of December 31, 2013, $200 million of unsecured term loan borrowings were outstanding under the Term Loan Facility, $200 million of unsecured term loan borrowings were outstanding under the Credit Facility, $38.6 million of unsecured revolving credit facility borrowings were outstanding under the Credit Facility, and $261.2 million was available for borrowing on the unsecured revolving portion of the Credit Facility. The available balance under the unsecured revolving portion of the Credit Facility is reduced by an outstanding letter of credit of $0.2 million. In connection with a portion of the unsecured borrowings, we maintained interest rate swaps as of December 31, 2013 that fixed 30-day LIBOR (see note 10). As of December 31, 2013, borrowings under the Credit Facility and Term Loan Facility, as amended and after giving effect to the interest rate swaps, had an effective weighted average interest rate of 3.22%.

The Term Loan Facility and the term loans under our Credit Facility were fully drawn at December 31, 2013 and no further borrowings may be made under the term loans. Our ability to borrow under the revolving facility is subject to ongoing compliance with certain financial covenants which include:

- Maximum total indebtedness to total asset value of 60.0% at any time;
- Minimum fixed charge coverage ratio of 1.50:1.00; and
- Minimum tangible net worth of $821,211,200 plus 75% of net proceeds from equity issuances after June 30, 2010.

In addition, under the Credit Facility and Term Loan Facility, we are restricted from paying distributions on the Parent Company s common shares in excess of the greater of (i) 95% of funds from operations, and (ii) such amount as may be necessary to maintain the Parent Company s REIT status.

The indenture under which we have issued unsecured senior notes contains financial covenants which include:

- Maximum total indebtedness to total asset value of 60.0% at any time;
- Maximum total secured indebtedness to total asset value of 40.0% at any time; and
- Minimum fixed charge coverage ratio of 1.50:1.00.

We are currently in compliance with all of our financial covenants and we anticipate remaining in compliance with all of our financial covenants.

At The Market Equity Program

Pursuant to our previous sales agreement with Cantor Fitzgerald & Co. (the Previous Sales Agent), dated April 3, 2009, as amended on January 26, 2011 and September 16, 2011 (as amended, the Previous Sales Agreement), we had a program to enable us to sell up to 20 million common shares in at the market offerings. On May 7, 2013, we terminated the Previous Sales Agreement with the Previous Sales Agent and entered into separate Equity Distribution Agreements (the Equity Distribution Agreements) with each of Wells Fargo Securities LLC; BMO Capital Markets Corp.; Jefferies LLC; Merrill Lynch, Pierce, Fenner & Smith Incorporated; and RBC Capital Markets, LLC (collectively, the Sales Agents). Pursuant to the Equity Distribution Agreements, we may sell, from time to time, up to 12 million common shares of beneficial interest through the Sales Agents.

During 2013, we sold a total of 5.7 million common shares under the agreements at an average sales price of $17.92 per share, resulting in gross proceeds of $102.1 million under the program. We incurred $1.8 million of offering costs in conjunction with the 2013 sales. We used proceeds from the sales conducted during the year ended December 31, 2013 to fund acquisitions of storage facilities and for general corporate purposes. As of December 31, 2013, 6.4 million common shares remained available for issuance under the Equity Distribution Agreements.

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Other Material Changes in Financial Position

	December 31, 2013		December 31, 2012 (in thousands)		Increase (decrease)	
Selected Assets						
Storage facilities, net	$	2,155,170	$	2,089,707	$	65,463
Investment in real estate ventures, at equity	$	156,310	$		$	156,310
Selected Liabilities						
Unsecured senior notes	$	500,000	$	250,000	$	250,000
Unsecured term loans	$	400,000	$	500,000	$	(100,000)
Mortgage loans and notes payable	$	200,218	$	228,759	$	(28,541)

Storage facilities, net increased $65.5 million primarily as a result of the acquisition of 20 facilities, fixed asset additions and development during the year. Investment in real estate ventures, at equity increased by $156.3 million on account of our formation of the HHF joint venture in December 2013.

Unsecured senior notes increased $250 million due to the issuance of $250 million in aggregate principal amount of unsecured senior notes due December 15, 2023 during 2013. Unsecured term loan borrowings decreased by $100 million as a result of the repayment of $100 million of outstanding indebtedness under Term Loan C. Mortgage loans and notes payable decreased $28.5 million due to scheduled principal payments and the repayment of several mortgages during the year.

Contractual Obligations

The following table summarizes our known contractual obligations as of December 31, 2013 (in thousands):

	Payments Due by Period						
	Total	2014	2015	2016	2017	2018	2019 and thereafter
Mortgage loans and notes payable (a)	$ 196,544	$ 5,214	$ 95,397	$ 21,342	$ 1,915	$ 2,026	$ 70,650
Revolving credit facility and unsecured term loans	438,600				38,600	200,000	200,000
Unsecured senior notes	500,000						500,000
Interest payments	311,263	48,198	46,441	41,108	37,482	33,236	104,798
Ground leases	71,401	1,329	1,336	1,329	1,329	1,242	64,836
Related party office leases	499	499					
Software and service contracts	1,111	1,111					
Construction commitments	54,251	39,756	14,495				

	$	1,573,669	$	96,107	$	157,669	$	63,779	$	79,326	$	236,504	$	940,284

(a) Amounts do not include unamortized discounts/premiums.

We expect to satisfy contractual obligations owed in 2014 through a combination of cash generated from operations and from draws on the revolving portion of our Credit Facility.

Off-Balance Sheet Arrangements

We do not have off-balance sheet arrangements, financings, or other relationships with other unconsolidated entities (other than our co-investment partnerships) or other persons, also known as variable interest entities not previously discussed.

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ITEM 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Our future income, cash flows and fair values relevant to financial instruments depend upon prevailing interest rates.

Market Risk

Our investment policy relating to cash and cash equivalents is to preserve principal and liquidity while maximizing the return through investment of available funds.

Effect of Changes in Interest Rates on our Outstanding Debt

Our interest rate risk objectives are to limit the impact of interest rate fluctuations on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we manage our exposure to fluctuations in market interest rates for a portion of our borrowings through the use of derivative financial instruments such as interest rate swaps or caps to mitigate our interest rate risk on a related financial instrument or to effectively lock the interest rate on a portion of our variable rate debt. The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market interest rates. The range of changes chosen reflects our view of changes which are reasonably possible over a one-year period. Market values are the present value of projected future cash flows based on the market interest rates chosen.

As of December 31, 2013 our consolidated debt consisted of $1,100.2 million of outstanding mortgages, unsecured senior notes and unsecured term loans that are subject to fixed rates, including variable rate debt that is effectively fixed through our use of interest rate swaps. There was also $38.6 million of outstanding credit facility borrowings subject to floating rates. Changes in interest rates have different impacts on the fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position, but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows, but does not impact the net financial instrument position.

If market interest rates on our variable rate debt increase by 100 basis points, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by approximately $0.4 million a year. If market interest rates on our variable rate debt decrease by 100 basis points, the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by approximately $0.4 million a year.

If market interest rates increase by 100 basis points, the fair value of our outstanding fixed-rate mortgage debt and unsecured term loans would decrease by approximately $60.1 million. If market interest rates decrease by 100 basis points, the fair value of our outstanding fixed-rate mortgage debt and unsecured term loans would increase by approximately $64.7 million.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

Financial statements required by this item appear with an Index to Financial Statements and Schedules, starting on page F-1 of this Report.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

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ITEM 9A. ***CONTROLS AND PROCEDURES***

Controls and Procedures (Parent Company)

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Report, the Parent Company carried out an evaluation, under the supervision and with the participation of its management, including its chief executive officer and chief financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)).

Based on that evaluation, the Parent Company s chief executive officer and chief financial officer have concluded that the Parent Company s disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information required to be disclosed by the Parent Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to the Parent Company s management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in the Parent Company s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Management s Report on Internal Control Over Financial Reporting

Management s report on internal control over financial reporting of the Parent Company is set forth on page F-2 of this Report, and is incorporated herein by reference. The effectiveness of the Parent Company s internal control over financial reporting as of December 31, 2013 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Controls and Procedures (Operating Partnership)

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Report, the Operating Partnership carried out an evaluation, under the supervision and with the participation of its management, including the Operating Partnership s chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Operating Partnership s disclosure controls and procedures (as defined in Rules 13a-15(e) under the Exchange Act).

Based on that evaluation, the Operating Partnership s chief executive officer and chief financial officer have concluded that the Operating Partnership s disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information required to be disclosed by the Operating Partnership in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to the Operating Partnership s management, including the Operating Partnership s chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in the Operating Partnership s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Operating Partnership s internal control over financial reporting.

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Management s Report on Internal Control Over Financial Reporting

Management s report on internal control over financial reporting of the Operating Partnership is set forth on page F-3 of this Report, and is incorporated herein by reference. The effectiveness of the Operating Partnership s internal control over financial reporting as of December 31, 2013 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its report which is included herein.

ITEM 9B. ***OTHER INFORMATION***

Not applicable.

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PART III

ITEM 10. *TRUSTEES, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

We have adopted a Code of Ethics for all of our employees, officers and trustees, including our principal executive officer and principal financial officer, which is available on our website at www.cubesmart.com. We intend to disclose any amendment to, or a waiver from, a provision of our Code of Ethics on our website within four business days following the date of the amendment or waiver.

The remaining information required by this item regarding trustees, executive officers and corporate governance is hereby incorporated by reference to the material appearing in the Parent Company s Proxy Statement for the Annual Shareholders Meeting to be held in 2014 (the Proxy Statement) under the captions Proposal 1: Election of Trustees, Executive Officers, Meetings and Committees of the Board of Trustees, and Shareholder Proposals and Nominations for the 2014 Annual Meeting. The information required by this item regarding compliance with Section 16(a) of the Exchange Act is hereby incorporated by reference to the material appearing in the Parent Company s Proxy Statement under the caption Section 16(a) Beneficial Ownership Reporting Compliance.

ITEM 11. *EXECUTIVE COMPENSATION*

The information required by this item is hereby incorporated by reference to the material appearing in the Parent Company s Proxy Statement under the captions Compensation Committee Report, Meetings and Committees of the Board of Trustees Compensation Committee Interlocks and Insider Participation, Compensation Discussion and Analysis, Executive Compensation, Potential Payments Upon Termination or Change in Control, and Trustee Compensation.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS*

The following table sets forth certain information regarding our equity compensation plans as of December 31, 2013.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a) (c)
Equity compensation plans approved by shareholders	4,904,613(1)	$ 10.99(2)	2,704,442

Equity compensation plans not approved by shareholders			
Total	4,904,613	$ 10.99	2,704,442

(1) Excludes 1,107,905 shares subject to outstanding restricted share unit awards.

(2) This number reflects the weighted-average exercise price of outstanding options and has been calculated exclusive of outstanding restricted unit awards.

The information regarding security ownership of certain beneficial owners and management required by this item is hereby incorporated by reference to the material appearing in the Parent Company s Proxy Statement under the caption Security Ownership of Management and Security Ownership of Beneficial Owners.

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ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND TRUSTEE INDEPENDENCE***

The information required by this item is hereby incorporated by reference to the material appearing in the Parent Company s Proxy Statement under the captions Corporate Governance- Independence of Trustees, Policies and Procedures Regarding Review, Approval or Ratification of Transactions With Related Persons, and Transactions With Related Persons.

ITEM 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

The information required by this item is hereby incorporated by reference to the material appearing in the Parent Company s Proxy Statement under the captions Audit Committee Matters - Fees Paid to Our Independent Registered Public Accounting Firm and - Audit Committee Pre-Approval Policies and Procedures.

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PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a) Documents filed as part of this report:

1. *Financial Statements.*

The response to this portion of Item 15 is submitted as a separate section of this report.

2. *Financial Statement Schedules.*

The response to this portion of Item 15 is submitted as a separate section of this report.

3. *Exhibits.*

The list of exhibits filed with this report is set forth in response to Item 15(b). The required exhibit index has been filed with the exhibits.

(b) *Exhibits.* The following documents are filed as exhibits to this report:

3.1*	Articles of Amendment and Restatement of Declaration of Trust of U-Store-It Trust, incorporated by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
3.2*	Articles of Amendment of Declaration of Trust of CubeSmart, dated September 14, 2012, incorporated by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K, filed on September 16, 2012.
3.3*	Articles Supplementary to Declaration of Trust of CubeSmart classifying and designating CubeSmart s 7.75% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, incorporated by reference to Exhibit 3.3 to CubeSmart s Form 8-A, filed on October 31, 2012.
3.4*	Third Amended and Restated Bylaws of CubeSmart, effective September 14, 2012, incorporated by reference to Exhibit 3.2 to the Company s Current Report on Form 8-K, filed on September 16, 2012.

3.5*	Certificate of Limited Partnership of U-Store-It, L.P., incorporated by reference to Exhibit 3.1 to CubeSmart, L.P. s Registration Statement on Form 10, filed on July 15, 2012.
3.6*	Amendment No. 1 to Certificate of Limited Partnership of CubeSmart, L.P., dated September 14, 2012, incorporated by reference to Exhibit 3.3 to the Company s Current Report on Form 8-K, filed on September 16, 2012.
3.7*	Second Amended and Restated Agreement of Limited Partnership of U-Store-It, L.P. dated as of October 27, 2004, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
3.8*	Amendment No. 1 to Second Amended and Restated Agreement of Limited Partnership of CubeSmart, L.P. dated as of November 2, 2011, incorporated by reference to Exhibit 3.4 to the Company s Current Report on Form 8-K, filed on September 16, 2011.
3.9*	Amendment No. 2 to Second Amended and Restated Agreement of Limited Partnership of CubeSmart, L.P. dated as of November 2, 2011, incorporated by reference to Exhibit 3.2 to the Company s Current Report on Form 8-K, filed on November 2, 2011.

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4.1*	Form of Common Share Certificate, incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the Company s Registration Statement on Form S-11, filed on October 20, 2004, File No. 333-117848.
4.2*	Form of Certificate for CubeSmart s 7.75% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, incorporated by reference to Exhibit 4.1 to CubeSmart s Form 8-A, filed on October 31, 2011.
4.3*	Indenture, dated as of September 16, 2011, among CubeSmart, L.P., CubeSmart and U.S. Bank National Association, incorporated by reference to Exhibit 4.5 to the Company s Registration Statement on Form S-3, filed on September 16, 2011.
4.4*	First Supplemental Indenture, dated as of June 26, 2012, among the Company, the Operating Partnership and U.S. Bank National Association, incorporated herein by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K, filed on June 26, 2012.
4.5*	Form of $250 million aggregate principal amount of 4.80% senior note due July 15, 2022, incorporated herein by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K, filed on June 26, 2012.
4.6*	Form of CubeSmart Notation of Guarantee, incorporated herein by reference to Exhibit 4.3 to the Company s Current Report on Form 8-K, filed on June 26, 2012.
4.7*	Second Supplemental Indenture, dated as of December 17, 2013, among the Company, the Operating Partnership and U.S. Bank National Association, incorporated herein by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K, filed on December 17, 2013.
4.8*	$250 million aggregate principal amount of 4.375% senior notes due December 15, 2023, incorporated herein by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K, filed on December 17, 2013.
4.9*	CubeSmart Guarantee, incorporated herein by reference to Exhibit 4.3 to the Company s Current Report on Form 8-K, filed on December 17, 2013.
10.1*	Settlement Agreement and Mutual Release, by and among U-Store-It Trust, U-Store-It, L.P., YSI Management LLC, U-Store-It Mini Warehouse Co., U-Store-It Development, LLC, Dean Jernigan, Kathleen A. Weigand, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell, Kyle V. Amsdell, Rising Tide Development LLC, and Amsdell and Amsdell, dated August 6, 2007, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on August 7, 2007.
10.2*	First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated March 29, 2005, incorporated by reference to Exhibit 10.4 to the Company s Current Report on Form 8-K, filed on August 7, 2007.
10.3*	First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated December 5, 2005, incorporated by reference to Exhibit 10.5 to the Company s Current Report on Form 8-K, filed on August 7, 2007.
10.4*	First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated December 5, 2005, incorporated by reference to Exhibit 10.6 to the Company s Current Report on Form 8-K, filed on August 7, 2007.
10.5*	First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated December 5, 2005, incorporated by reference to Exhibit 10.7 to the Company s Current Report on Form 8-K, filed on August 7, 2007.

10.6*	First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated December 5, 2005, incorporated by reference to Exhibit 10.8 to the Company s Current Report on Form 8-K, filed on August 7, 2007.
10.7*	Lease, dated March 29, 2005, by and between Amsdell and Amsdell and U-Store-It, L.P., incorporated by reference to Exhibit 10.41 to the Company s Annual Report on Form 10-K for the year ended December 31, 2004, filed on March 31, 2005.
10.8*	Lease, dated June 29, 2005, by and between Amsdell and Amsdell and U-Store-It, L.P., incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed on August 12, 2005.
10.9*	Lease, dated June 29, 2005, by and between Amsdell and Amsdell and U-Store-It, L.P., incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed on August 12, 2005.
10.10*	Amended and Restated Executive Employment Agreement, dated June 29, 2010, by and between U-Store-It Trust and Dean Jernigan, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on July 2, 2010.
10.11*	Amended and Restated Executive Employment Agreement, dated January 24, 2011, by and between U-Store-It Trust and Christopher P. Marr, incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed on January 27, 2011.
10.12*	Amended and Restated Executive Employment Agreement, dated June 29, 2010, by and between U-Store-It Trust and Timothy M. Martin, incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed on July 2, 2010.
10.13*	Indemnification Agreement, dated as of October 27, 2004, by and among U-Store-It Trust, U-Store-It, L.P. and David J. LaRue (substantially identical agreements have been entered into with Dean Jernigan, Christopher P. Marr, Timothy M. Martin, Jeffrey P. Foster, Daniel William M. Diefenderfer III, Piero Bussani, John W. Fain, B. Hurwitz, Marianne M. Keler, and John F. Remondi), incorporated by reference to Exhibit 10.19 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.14*	Amended and Restated Noncompetition Agreement, dated as of June 29, 2010, by and between U-Store-It Trust and Timothy M. Martin, incorporated by reference to Exhibit 10.4 to the Company s Current Report on Form 8-K, filed on July 2, 2010.
10.15*	Amended and Restated Noncompetition Agreement, dated as of January 24, 2011, by and between U-Store-It Trust and Christopher P. Marr, incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K, filed on January 27, 2011.
10.16*	Amended and Restated Noncompetition Agreement, dated as of June 29, 2010, by and between U-Store-It Trust and Dean Jernigan, incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K, filed on July 2, 2010.
10.17*	Nonqualified Share Option Agreement, dated as of June 5, 2006, by and between U-Store-It Trust and Christopher P. Marr, incorporated by reference to Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, filed on August 8, 2006.
10.18*	Nonqualified Share Option Agreement, dated as of April 19, 2006, by and between U-Store-It Trust and Dean Jernigan, incorporated by reference to Exhibit 10.4 to the Company s Current Report on Form 8-K, filed on April 24, 2006.
10.19*	Form of Restricted Share Agreement for Non-Employee Trustees under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.83 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007, filed on February 29, 2008.

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10.20*	Form of Nonqualified Share Option Agreement under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, filed on May 10, 2007.
10.21*	Form of Performance-Vested Restricted Share Agreement under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, filed on May 10, 2007
10.22*	Form of Restricted Share Agreement under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, filed on May 10, 2007.
10.23*	Form of Nonqualified Share Option Agreement under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on January 25, 2008.
10.24*	Form of Restricted Share Agreement under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed on January 25, 2008.
10.25*	U-Store-It Trust Trustees Deferred Compensation Plan, amended and restated effective January 1, 2009, incorporated by reference to Exhibit 10.78 to the Company s Annual Report on Form 10-K for the year ended December 31, 2008, filed on March 2, 2009.
10.26*	U-Store-It Trust Executive Deferred Compensation Plan, amended and restated effective January 1, 2009, incorporated by reference to Exhibit 10.79 to the Company s Annual Report on Form 10-K for the year ended December 31, 2008, filed on March 2, 2009.
10.27*	U-Store-It Trust Deferred Trustees Plan, effective as of May 31, 2005, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on June 6, 2005.
10.28*	Amended and Restated U-Store It Trust 2007 Equity Incentive Plan, effective June 2, 2011, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on June 4, 2011.
10.29*	2004 Equity Incentive Plan of U-Store-It Trust, effective as of October 19, 2004, incorporated by reference to Exhibit 10.6 to the Company s Current Report on Form 8- K, filed on November 2, 2004.
10.31*	Sales Agreement dated April 3, 2009, among the U-Store-It Trust, U-Store-It, L.P., and Cantor Fitzgerald & Co., incorporated by reference to Exhibit 1.1 to the Company s Current Report on Form 8-K, filed on April 3, 2009.
10.32*	Amendment No. 1 to Sales Agreement, dated January 26, 2011, by and among U-Store-It Trust, U-Store It, L.P. and Cantor Fitzgerald & Co., incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed January 27, 2011.
10.33*	Amended and Restated Employment Letter Agreement, dated April 4, 2011, by and between U-Store-It Trust and Jeffrey P. Foster, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on April 6, 2011.
10.34*	Term Loan Agreement dated as of June 20, 2011 by and among U-Store-It, L.P., as Borrower, U-Store-It Trust, and Wells Fargo Securities, LLC and PNC Capital Markets LLC, as joint lead arrangers and joint bookrunners, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on June 23, 2011.

10.35*	Amendment No. 2 to the Sales Agreement, dated September 16, 2011 among CubeSmart, CubeSmart, L.P. and Cantor Fitzgerald & Co., incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on September 16, 2011.
10.36*	Agreement for Purchase & Sale, dated as of October 24, 2011, by and between CubeSmart, L.P. and 200 East 135th Street LLC, 1880 Bartow Avenue LLC, 255 Exterior St LLC, 1376 Cromwell LLC, 175th Street DE LLC, Boston Rd LLC, Bronx River LLC, Bruckner Blvd LLC, 1980 White Plains Road, 552 Van Buren LLC, 481 Grand LLC, 2047 Pitkin LLC, Sheffield Ave LLC, Cropsey Ave LLC, 9826 Jamaica Ave LLC, 179 Jamaica Avenue Realty LLC, 714 Markley St LLC, Yorktown Heights Storage, LLC, Marbledale Rd LLC, New Rochelle Storage Partners, L.L.C., Wilton Storage Partners L.L.C. and Shelton Storage LLC, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on October 24, 2011.
10.37*	Registration Rights Agreement dated as of October 24, 2011 by and between CubeSmart and Wells Fargo Investment Holdings, LLC, incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed on October 24, 2011.
10.38*	Waiver of Ownership Limitation, incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K, filed on October 24, 2011.
10.40*	Purchase Agreement for Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, dated October 24, 2011, between CubeSmart and Wells Fargo Investment Holdings, LLC, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on October 31, 2011.
10.41*	Credit Agreement dated as of December 9, 2011 by and among CubeSmart, L.P., CubeSmart, Wells Fargo Securities, LLC and Merrill Lynch, Pierce Fenner & Smith Incorporated, as Revolver and Tranche A joint lead arrangers and joint bookrunners and Wells Fargo Securities, LLC, as Tranche B sole lead arranger and sole bookrunner, incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on December 14, 2011.
10.42*	Form of Restricted Share Agreement under the CubeSmart 2007 Equity Incentive Plan, incorporated herein by reference to Exhibit 10.42 to the Company s Annual Report on Form 10-K, filed on February 28, 2013.
10.43*	Form of Non-Qualified Share Option Agreement under the CubeSmart 2007 Equity Incentive Plan, incorporated herein by reference to Exhibit 10.43 to the Company s Annual Report on Form 10-K, filed on February 28, 2013.
10.44*	Form of 2012 Performance-Vested Restricted Share Unit Award Agreement under the CubeSmart 2007 Equity Incentive Plan, incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on January 31, 2012.
10.45*	First Amendment to Credit Agreement, dated as of April 5, 2012, by and among CubeSmart, L.P., CubeSmart, Wells Fargo Bank, National Association and each of the lenders party to the credit agreement dated December 9, 2011, incorporated herein by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q, filed on May 7, 2012.
10.46*	Performance Share Unit Award and Agreement, dated May 30, 2012, between CubeSmart and Dean Jernigan, incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on June 1, 2012.
10.47*	Form of Restricted Share Unit Award Agreement (2-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, incorporated herein by reference to Exhibit 10.47 to the Company s Annual Report on Form 10-K, filed on February 28, 2013.

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10.48*	Form of Performance-Vested Restricted Share Unit Award Agreement under the CubeSmart 2007 Equity Incentive Plan, incorporated herein by reference to Exhibit 10.48 to the Company s Annual Report on Form 10-K, filed on February 28, 2013.
10.49*	Waiver of Ownership Limitation, incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q, filed on May 6, 2013.
10.50*	Form of Equity Distribution Agreement, dated May 7, 2013, by and among CubeSmart, CubeSmart, L.P. and each of Wells Fargo Securities, LLC, BMO Capital Markets Corp., Jefferies LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBC Capital Markets, LLC, incorporated by reference to Exhibit 1.1. to the Company s Current Report on Form 8-K, filed on May 7, 2013.
10.51*	Second Amendment to Credit Agreement dated as of June 18, 2013 by and among CubeSmart, L.P., CubeSmart, Wells Fargo Bank, National Association, as Administrative Agent and each of the lenders, incorporated by reference to Exhibit 99.1 to the Company s Current Report on Form 8-K, filed on June 18, 2013.
10.52*	Second Amendment to Term Loan Agreement dated as of June 18, 2013 by and among CubeSmart, L.P., CubeSmart, Wells Fargo Bank, National Association, as Administrative Agent and each of the lenders, incorporated by reference to Exhibit 99.2 to the Company s Current Report on Form 8-K, filed on June 18, 2013.
10.53*	Advisory Agreement, incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q, filed on November 8, 2013.
10.54*	Purchase and Sale Agreement, dated as of October 28, 2013, by and among the Sellers listed therein and CubeSmart, L.P., incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on December 10, 2013.
10.55*	Purchase and Sale Agreement, dated as of October 28, 2013, by and among the Sellers listed therein and CubeSmart, L.P., incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed on December 10, 2013.
10.56*	Executive Employment Agreement, entered into as of January 24, 2014 and effective as of January 1, 2014, by and between CubeSmart and Christopher P. Marr., incorporated by reference to Exhibit 99.1 to the Company s Current Report on Form 8-K, filed on January 28, 2014.
10.57	Form of Non-Qualified Share Option Agreement (3-Year Vesting) under the CubeSmart 2004 Equity Incentive Plan.
10.58	Form of Non-Qualified Share Option Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan.
10.59	Form of Non-Qualified Share Option Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan.
10.60	Form of Performance Share Award Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan.
10.61	Form of Performance Share Award Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan.
10.62	Form of Restricted Share Award Agreement (3-Year Vesting) under the CubeSmart 2004 Equity Incentive Plan.
10.63	Form of Restricted Share Award Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan.
10.64	Form of Restricted Share Award Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan.
10.65	Form of Restricted Share Award Agreement (5-Year Vesting) under the CubeSmart 2004 Equity Incentive Plan.
12.1	Statement regarding Computation of Ratios of CubeSmart
12.2	Statement regarding Computation of Ratios of CubeSmart, L.P.

21.1	List of Subsidiaries
23.1	Consent of KPMG LLP relating to financial statements of CubeSmart
23.2	Consent of KPMG LLP relating to financial statements of CubeSmart, L.P.
31.1	Certification of Chief Executive Officer of CubeSmart required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer of CubeSmart required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Chief Executive Officer of CubeSmart, L.P. required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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31.4	Certification of Chief Financial Officer of CubeSmart, L.P. required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer of CubeSmart pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Executive Officer and Chief Financial Officer of CubeSmart, L.P. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Material Tax Considerations.
101	The following CubeSmart and CubeSmart, L.P. financial information for the year ended December 31, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statement of Equity, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, detailed tagged and filed herewith.

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* Incorporated herein by reference as above indicated.

Denotes a management contract or compensatory plan, contract or arrangement.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CUBESMART	
By:	/s/ Timothy M. Martin Timothy M. Martin Chief Financial Officer

Date: February 28, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ William M. Diefenderfer III William M. Diefenderfer III	Chairman of the Board of Trustees	February 28, 2014
/s/ Christopher P. Marr Christopher P. Marr	Chief Executive Officer and Trustee (Principal Executive Officer)	February 28, 2014
/s/ Timothy M. Martin Timothy M. Martin	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2014
/s/ Piero Bussani Piero Bussani	Trustee	February 28, 2014
/s/ John W. Fain John W. Fain	Trustee	February 28, 2014
/s/ Marianne M. Keler Marianne M. Keler	Trustee	February 28, 2014
/s/ John F. Remondi John F. Remondi	Trustee	February 28, 2014
/s/ Jeffrey F. Rogatz Jeffrey F. Rogatz	Trustee	February 28, 2014
/s/ Deborah Ratner Salzberg Deborah Ratner Salzberg	Trustee	February 28, 2014